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# ***Daily Report***

## **China**

FBIS-CHI-94-030  
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# Daily Report

## China

FBIS-CHI-94-030

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**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form. China book number 94-029 was not published.

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## General

### Beijing To Host Asia-Pacific Space Technology Meeting

OW1102044294 Beijing XINHUA Domestic Service in Chinese 0847 GMT 3 Feb 94

[By reporter Yang Zhaobo (2799 0340 3134)]

[Text] Beijing, 3 Feb (XINHUA)—The 49th annual meeting of the Economic and Social Commission for Asia and the Pacific has decided that the ministerial meeting to promote and develop the utilization of outer space for the Asia-Pacific region will be held in Beijing in September 1994.

As the host country responsible for organizing this meeting, China has established a preparatory committee with the participation of leaders from 16 ministries and commissions, including the State Science and Technology Commission, the Ministry of Foreign Affairs, the Ministry of Finance, and the Chinese Academy of Sciences. Qian Qichen, vice premier of the State Council and foreign minister, and Song Jian, state councillor and minister in charge of the State Science and Technology Commission, have been appointed honorary chairmen of the preparatory committee.

It has been learned that following the multipolarization of the world economy and the realignment and regrouping of regions, the economy in the Asia-Pacific region has been booming and very active. It has become an urgent task to apply space technology to solve major problems such as the shortage of resources, the deterioration of the environment, frequent occurrences of natural disasters, and the rapid increase of population confronting the region. Through the strategy and action program to promote and develop outer space utilization in the Asia-Pacific region, the meeting will determine a mechanism for coordination and cooperation in promoting and developing outer space utilization in the region. It will also issue the Beijing declaration and other documents. The topics to be discussed at the meeting include remote sensing, communications satellites, application of satellites for meteorology, system for space positioning, geographical information system, and space technology.

### Beijing Participates in Nuclear Safety Cooperation

OW1102130194 Beijing XINHUA Domestic Service in Chinese 0449 GMT 9 Feb 94

[By reporters Zhou Zhifang (0719 1807 2455) and Deng Ying (6772 4481)]

[Text] Beijing, 9 Feb (XINHUA)—According to a briefing by the National Nuclear Safety Administration [NNSA], in recent years, China has participated in international nuclear safety cooperation and exchanges

and has actively offered to hold safety talks with developing countries on the peaceful utilization of nuclear energy.

Nuclear safety is a decisive factor affecting the prospects for the development of the peaceful utilization of nuclear energy, and it has become an important matter followed with interest by every country in the world. It has been learned that in recent years, China successively entered into agreements on bilateral nuclear safety cooperation with the United States, France, Italy, Spain, Pakistan, and Germany, and that it established friendly cooperation and carried out extensive exchanges of nuclear-safety technology with some countries, including Japan and Russia. More than once, the NNSA has sent relevant personnel abroad to receive technical training in nuclear safety laws and regulations, the safety supervision and inspection of nuclear power stations, the analysis of nuclear accidents, the use of nuclear power plant simulators, and in quality guarantees. According to statistics, so far a total of scores of nuclear safety experts have received standardized international training. In addition, the International Atomic Energy Agency [IAEA], the UN Development Program, and the EC have provided experts and funds to help China hold training sessions for nuclear safety supervision and control. More than once, Chinese nuclear safety officials have participated in various IAEA-sponsored conferences.

In basing itself on its actual conditions, China has used advanced foreign technologies and management experiences for reference, has further improved its nuclear-safety control system, and has kept raising the overall level of its nuclear safety work through cooperation and exchanges. China has begun providing to developing countries some safety technologies related to the development of nuclear power as well as experience in supervision and control. China is giving play to its due role in international nuclear safety cooperation and exchanges.

### Delegate Speaks to UN Body on Minority Nationalities Policy

OW1202052694 Beijing XINHUA in English 0509 GMT 12 Feb 94

[Text] Geneva, February 11 (XINHUA)—A Chinese delegate said here today that the Chinese Government always pays great attention to the minority nationalities issue and has introduced a series of related laws which suit its national conditions.

Choegyal, member of the Chinese delegation to the 50th session of the U.N. Human Rights Commission in Geneva, said that the Chinese Government regards the equality and solidarity of all nationalities and the practising of regional national autonomy as basic principles in dealing with minority nationalities issue.

He briefed the participants on China's minority nationalities policy, saying, "the adherence to the equality of all nationalities is a basic principle stipulated in China's Constitution."

"In China, all nationalities, irrespective of their differences in population size, level of social and economic development, customs and practices, religious beliefs and languages, enjoy equal status and equal rights," he said.

As China is a country with 56 nationalities, he said, the Chinese Government always pays great attention to the strengthening of solidarity and harmony among them.

"The government has always been careful with the protection of the rights and the interests of minority nationalities," he said. "In dealing with such issues, the views of the nationalities concerned are extensively solicited and full consultations conducted."

"The government also adopts laws as well as concrete measures in order to guarantee participation by minority nationalities in the management of state and local affairs in various aspects of social life," he added.

In addition, as certain gaps still exist in economic and social development between areas inhabited by minority nationalities and those inhabited by the Han nationality due to historical, natural and geographical factors, "the Chinese Government has always emphasized the importance of providing necessary financial, human and material assistance to them," he said.

Meanwhile, the Chinese Government always grants them preferential policies in formulating programs for national economic development. It also requires and encourages the better-developed areas to help them, he added.

The Chinese delegate also stressed that regional national autonomy is an important aspect of the political system provided by the Constitution.

"The system has played an important role in protecting the rights of the minority nationalities and in promoting the development of these areas," he said.

The Chinese delegate pointed out that China's minority nationalities policy has proved to be successful in the past 40 years.

#### **Greek Premier Views U.S. Recognition of Macedonia**

*OW1002212294 Beijing XINHUA in English 1809 GMT 10 Feb 94*

[Text] Athens, February 10 (XINHUA)—Greek Premier Andreas Papandreou today said that the U.S. decision to recognize Macedonia would have "certain repercussions" on relations between his country and the United States.

The United States Wednesday [9 February] formally recognized the former Yugoslav Republic of Macedonia, saying it would establish full diplomatic relations with the republic once it pledged to try to resolve its differences with Greece.

"We would like to believe that the text of the decision granting recognition might be used positively, but right now we don't know whether it will," Papandreou told reporters after a cabinet meeting.

The recognition would encourage Macedonian President Kiro Gligorov, who was "out of touch with reality," Papandreou said.

He said the reality was that Greece could isolate Macedonia economically.

The premier added that the U.S. recognition of Macedonia did not contribute to "normality."

"In contrast," he said, "exerting pressure (on Skopje) for it to abandon its liberating designs would contribute."

Replying to questions, Papandreou said that it was possible to hold a meeting of Greece's political party leaders on the Macedonian issue, to be chaired by President Konstandinos Karamanlis.

Papandreou said that he was optimistic regarding the issue, adding that its solution required "patience, persistence and determination."

He had recently developed a good personal relationship with U.S. President Bill Clinton, the premier said.

However, he said, countries did not act on the basis of personal friendship or party identities; they acted on the basis of strategic interests as they saw them.

#### **U.S. May Cut Aid to Drug Producing, Trafficking Nations**

*OW1002173294 Beijing XINHUA in English 1649 GMT 10 Feb 94*

[Text] Washington, February 10 (XINHUA)—The United States may reduce anti-drug aid to Peru, Panama, Bolivia and other countries that produce or traffic in illegal drugs, official U.S. sources said here today.

These countries have escaped penalties because of friendly relations with the United States, said a government official who declined to be identified.

These countries are on a list of nations that failed to convince the U.S. that they have cooperated with the U.S. efforts to stem the flow of illegal drugs, and, consequently, failed to receive U.S. certification last year, which is a condition of receiving U.S. anti-drug aid, the official said.

Assistant Secretary of State Robert Gelbard told reporters Wednesday [9 February] that the administration also was considering countries that may not receive the certification on the annual April 1 deadline.

Gelbard said this when he briefed reporters on the international component of President Clinton's new 13.2 billion dollars national drug control strategy, which

places greater emphasis on domestic treatment and prevention rather than international intervention.

Drug producing and trafficking countries that do not make an effort will face increasingly serious economic and other sanctions, according to Clinton's plan.

Clinton's new budget proposes increasing money for the State Department's anti-drug efforts by 80 million dollars to 252 million dollars.

To underscore the U.S. emphasis on cooperation, Secretary of State Warren Christopher on Wednesday told several dozen ambassadors from drug production and transit countries and a number of other European and Latin American countries that cocaine and heroin are not just American problems, saying that drugs are a global menace....[ellipses as received] The grip drug dealers have on many governments is just terrifying.

The United States in recent years has focused attention on curtailing coca leaf production and cocaine trafficking in Latin America, but Gelbard and other officials also cited the burgeoning heroin trafficking that followed the breakup of the Soviet Union.

### United States & Canada

#### Ambassador to U.S. Notes 'Progress' in Ties

OW1002090794 Beijing XINHUA Domestic Service in Chinese 0409 GMT 10 Feb 94

[Text] Washington, 9 Feb (XINHUA)—Li Daoyu, Chinese ambassador to the United States, said on 9 February that through both sides' joint efforts, the Sino-U.S. relationship has achieved positive progress [ji ji de jin zhan—4480 2817 4104 6651 1455] in the past year. In particular, the formal meeting between President Jiang Zemin and President Clinton in Seattle last November has brought about a new and excellent beginning [yi ge xin de liang hao kai tuan—0001 0020 2450 de 4104 5328 1170 7030 4551] to the relationship between the two countries, which is of important significance to improving and developing their bilateral relationship.

Li Daoyu made the above remarks this evening in his Spring Festival greetings message to Overseas Chinese and Chinese Americans in the United States. He added: "It is our hope that both sides will seize this turning point [qi ji—1148 2623], maintain the emerging excellent momentum in the bilateral relationship, and proceeding from the overall situation and long-term interests and through carrying out a dialogue marked by mutual respect and complete equality, further improve and develop the bilateral relationship."

When touching on the concern of the broad mass of Chinese Americans and overseas Chinese for the great cause of the peaceful reunification of the motherland, he pointed out that achieving the peaceful reunification of the motherland is the common aspiration of all the Chinese in China and overseas. Creating "two Chinas,"

"one China, one Taiwan," and "one country, two governments" runs counter to historical trends and to the fundamental interests of the Chinese nation.

He continued: "We hope that the Taiwan authorities will stress the great cause of the Chinese nation and will, under the one-China principle, realize the direct contacts between the two sides of the strait as soon as possible, so as to eventually pave the way for peaceful reunification."

In the same greetings message, Li Daoyu briefed overseas Chinese and Chinese Americans on China's achievements in reform, opening up, and economic construction last year. He also expressed sincere thanks for the valuable contributions that overseas Chinese and Chinese Americans have made to China's reform, opening up, and economic construction, to the great cause of the reunification of the motherland, and to enhancing understanding and friendship between the peoples of China and the United States.

#### Official Sees Double-Digit Growth in Trade With U.S.

HK1402062694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Feb 94 p 1

[By Wang Yong: "Officials Optimistic About 1994 U.S. Trade"]

[Text] Despite possible skirmishes, China is optimistic about its trade with the United States this year, according to a senior Chinese official.

"Sino-US trade volume will see double-digit growth over the \$27.7 billion in 1993," said Sun Zhenyu, director general of the American & Oceanian Affairs Department at the Ministry of Foreign Trade and Economic Cooperation (Moftec).

As evidence, Sun pointed to a string of positive signs, including the settlement last month of bilateral textile disputes. However, he warned against potential one-sided pressure from the U.S.

Moftec Minister Wu Yi will lead a delegation of Chinese Government and business leaders to the US in April to promote trade.

Apart from attending the eighth session of the Sino-US Joint Commission on Commerce and Trade, China will hold two large trade conferences in Los Angeles and New York, Sun revealed.

"Our business delegation will enter into purchase contracts with U.S. businesses and invite them to invest in China during the conferences," he said.

But Sun declined to disclose which sectors are likely to close major deals on imports and investment.



In a parallel move, Song Jian, State Councillor and Minister of the State Science and Technology Commission, will attend a bilateral conference on scientific co-operation in New York.

During Treasury Secretary Lloyd Bentsen's recent visit to China, the U.S. has agreed to provide technical help for China's transition from a planned economy to a market-oriented one, which Sun described as an indication of improved relations. However, Sun urged the U.S. to relax its controls on hi-technology exports to help reduce its trade deficit with China.

"The U.S. competitive edges on the world markets lie in its hi-tech items," Sun said. "If their exports to China are relaxed, it would be good to both sides."

The U.S. claims it had a \$23 billion trade deficit with China in 1993, counting Chinese exports via Hong Kong. But Chinese customs put China's surplus at only \$6.2 billion.

Sun said Minister Wu Yi and U.S. Commerce Secretary Ron Brown had agreed to set up a working group to resolve the difference.

"Both sides should enhance mutual understanding and resort to consultation on an equal footing so that our co-operation can be strengthened," he said, adding that any unilateral sanctions would be self-defeating.

Sun urged better understanding by the U.S. of China's situation regarding intellectual property rights protection, textile trade and other issues.

"And it's unreasonable to link human rights with trade issues, such as the extension of the most-favoured-nation (MFN) status," he asserted.

"We must get rid of the long shadow cast by the MFN issue, which has hampered what could have been a quicker development of bilateral trade."

If settled once and for all, Sun explained, U.S. businesses, especially those of medium and small size, could draw up long-term strategies towards the Chinese market.

"But if the U.S. should revoke MFN for China, it would deal a blow to the entire course of China's reforms and opening to the outside world and cause equal damage to the U.S. investors," he said.

Sun also urged the U.S. to keep its promise of giving China "staunch support" in resuming its membership in the General Agreement on Tariffs and Trade (GATT). The U.S. will send a delegation to China this month for further negotiations on this matter.

### **U.S. To Invoke Trade Sanctions Against Japan**

*OW1402012194 Beijing XINHUA in English 0102 GMT 14 Feb 94*

[Text] Washington, February 13 (XINHUA)—The U.S. administration has decided to invoke retaliatory sanctions against Japan after a breakdown of the trade talks between the two countries, it was reported here today.

The "Washington Post" newspaper quoted a senior U.S. official as saying that the administration was obliged to act firmly after the failure Friday by President Bill Clinton and Prime Minister Morihiro Hosokawa to reach agreement on reducing Japan's 60 billion dollar trade surplus with the United States.

By taking the actions, U.S. officials said, the United States wants to maintain its negotiating credibility, but no decision has been made on which products to target.

At the same time, the U.S. administration is seeking to persuade the Japanese Government that the trade actions should not cause a rupture of the entire relationship.

Hosokawa cautioned the United States Saturday against imposing trade sanctions on Japan.

"I very much hope the U.S. will refrain from such actions," Hosokawa told reporters before leaving Washington for home.

His top aides warned that such action would cause Japan to retaliate with sanctions on American products.

### **U.S. Sending F-15Es To Bolster Bosnia Strike Force**

*OW1102211794 Beijing XINHUA in English 2044 GMT 11 Feb 94*

[Text] Washington, February 11 (XINHUA)—The United States is sending eight F-15E fighter planes to Italy to strengthen NATO's force in preparation for threatened air strikes against the Bosnian Serbs.

The planes will reach Italy "within the next few days," the Associated Press quoted an anonymous Pentagon official as saying.

Besides the U.S. offer, France, Britain, Turkey and the Netherlands are also contributing more planes so that up to 146 fighters and bombers could be garnered in the region for the Bosnia mission.

In a related development, President Bill Clinton talked today with Russian leader Boris Yeltsin and agreed to work out an agreement on the Bosnian crisis.

Moscow, opposing the NATO air strike threat, is calling for a U.N. Security Council conference on the problem, a request refused by Washington.

Russian officials have threatened that if NATO went ahead with air strikes it would be the disruption of Moscow's partnership with the West on a range of issues.

Clinton said during the 30-minute conversation, both sides "agreed that we had the same long-term objective, which was achieving a just peace agreement, and the same short-term objective, to relieve the shelling of Sarajevo."

"I think he (Yeltsin) felt better when I emphasized the fact that the weapons that are left within the 20-kilometer area would be under the jurisdiction of the U.N., not NATO," the President said.

The two leaders to keep in touch and that the U.S. and Russian officials would be having further discussions today at the United Nations.

#### **U.S. Orders Embassy Dependents To Leave Belgrade**

OW1302031494 Beijing XINHUA in English 0250  
GMT 13 Feb 94

[Text] Washington, February 12 (XINHUA)—The U.S. State Department has ordered dependents of its embassy officers in Belgrade to leave the Yugoslav capital in precaution against deterioration of the Bosnian situation.

It also warned U.S. citizens not to travel in Serbia and Montenegro, two republics now claiming themselves as the part of a new Yugoslav Federation.

State Department Spokeswoman Maeve Dwyer said the move was taken "because of the ongoing conditions in Bosnia and the potential repercussions for travelers."

The U.S. Embassy in Belgrade has contacted private U.S. citizens in the country and offered to help if they want to depart, Dwyer said.

The North Atlantic Treaty Organization issued an ultimatum Thursday that the Bosnian Serbs remove their heavy weapons from around Sarajevo, the Bosnian capital, within 10 days and all three sides stop shelling Sarajevo, or risk NATO air strikes.

It was feared that possible NATO air strikes may have backlashes for foreigners in the former Yugoslavia.

#### **Central Eurasia**

#### **Kozyrev Comments on Peaceful Solution to Bosnian Crisis**

OW1202190794 Beijing XINHUA in English 1637  
GMT 12 Feb 94

[Text] Moscow, February 12 (XINHUA)—The possibility for a political solution to the Bosnian war still exists, Russian Foreign Minister Andrey Kozyrev said today.

Speaking at a news conference, Kozyrev said that Russia is taking a vigilant attitude toward the position of aid-raiding Bosnia-Herzegovina because such a policy would distract the international efforts for a political solution.

The minister stressed that NATO's action should be brought into U.N. peacekeeping plan.

According to Kozyrev, U.N. Security Council will hold a meeting on Monday [14 February] to determine NATO's tasks and duties in Bosnia.

NATO's ultimatum to Bosnian warring factions should be approved as a resolution of the Security Council which will allow some countries or regional organizations to have a hand in ending the Bosnian war, the minister added.

#### **Russian Foreign Minister Visits Heihe 26 Jan**

SK1302001894 Harbin HEILONGJIANG RIBAO in  
Chinese 27 Jan 94 p 1

[Text] Kozyrev, foreign affairs minister of the Russian Federation, arrived in Heihe about 1300 on 26 January for a short visit. On behalf of Shao Qihui, governor of the Heilongjiang Provincial government, Vice Governor Wang Zongzhang met with Minister Kozyrev and also held a 50-minute talk with him.

Vice Governor Wang Zongzhang first explained the ways in which Heilongjiang Province and the Russian Federation are making ceaseless efforts to develop border economic and trade cooperation. He then set forth some existing problems cropping up during mutual contacts. Vice Governor Wang suggested: First, in addition to giving visas to those with official or ordinary passports, the Russian Federation should give entry visas to our side's tallymen, drivers, persons from large economic and trade enterprises, interpreters, and laborers who have to traverse the Russian Federation border often. Second, nongovernmental economic and trade committees should be set up to solve the problems cropping up during mutual economic and trade activities. Third, a formal agreement on building the Heilongjiang highway bridge linking Heihe with Blagoveshchensk city should be reached as soon as possible. Fourth, we hope the Russian Government will support the cooperative construction of the "Heihe-Blagoveshchensk free economic and trade zone." Fifth, it is necessary to pioneer the construction of the Suifenhe and Pogranichnyy border area of Maritime Kray. Sixth, in addition to Suifenhe, which has been opened as an international passenger-cargo port, we suggest the establishment of other international passenger-cargo ports and their opening to other countries. Seventh, we hope that the Russian Federation will provide conveniences for the other CIS countries that have to deliver their goods to our country through the Russian Federation. Eighth, we hope that the Russian Government will provide preferential policies on developing border trade to promote friendly contacts and border trade cooperation.

**Russia Calls For Security Council Session on Bosnia***OW1002173094 Beijing XINHUA in English 1643 GMT 10 Feb 94*

[Text] Moscow, February 10 (XINHUA)—Russia today called for a United Nations Security Council session to discuss demilitarization of Bosnian capital Sarajevo and putting the city under U.N. administration.

Gregoriy Karasin, director of the Press Bureau of the Russian Foreign Ministry, said at a press conference today that all countries having interests in Bosnia-Herzegovina should be invited to attend such a meeting with the council's members.

He said Russia appreciates the call by NATO countries for the withdrawal of heavy weaponry from around Sarajevo by all warring sides in Bosnia, or putting them under U.N. control.

He said the withdrawal of the weaponry could be an important step towards peace.

But Russia also objects to explaining the NATO call, made yesterday in Brussels, as an air strike ultimatum that goes to the Serbs only. He said this is an very partial explanation.

He said Russia always considers it a job for the U.N. to solve the problem of the siege of Sarajevo, and does not want to see any one side in the Bosnian conflict to have "privileges" in the demilitarization process of the Bosnian capital.

The NATO issued a call to the Bosnian Serbs yesterday, asking them to remove their artillery from hills overlooking Sarajevo within 10 days, or face NATO air strikes.

The NATO decision was made after 68 civilians were killed and 200 wounded in a mortar shell explosion last Saturday [5 February] in a downtown Sarajevo marketplace.

It is not determined yet who made the mortar attack.

The Russian official also warned that any "hasty decision made outside the framework of the U.N." could wipe out any hope that could emerge from the Bosnian peace talks.

The Russian Deputy Foreign Minister Anatoliy Adamishin also said today that the hopes to solve the Bosnian conflict now lies in the demilitarization of Sarajevo and U.N. administration of the city, which has been under Serbian siege for 22 months.

**Kazakhstan Sends 12 Nuclear Missiles to Russia***OW1302051494 Beijing XINHUA in English 0337 GMT 13 Feb 94*

[Text] Almaty, February 12 (XINHUA)—Kazakhstan has sent to Russia 12 of its SS-18 inter-continental

ballistic missiles (ICBM) left there by the former Soviet Union, Kazak state advisor Tulegen Zhukeyev [spelling of name as received] said here today.

Under the Lisbon Protocol signed in May 1992, all the nuclear weapons in Ukraine, Belarus and Kazakhstan should be transferred to Russia for destruction within seven years.

Explaining why Kazakhstan had been going at a slow pace of 12 missiles a year, Zhukeyev told journalists that some of its material requests have not been met.

He said that Kazakhstan should own the uranium contained in its nuclear warheads because Kazakhstan accounted for 50 percent of the uranium produced by the former Soviet Union.

He added that as the nuclear test site of Semipalatinsk [spelling of name as received] in Kazakhstan has caused harm to more than one million residents in the surrounding areas, Kazakhstan has the right to demand material compensation.

However, he told the press that his country remains committed to the Lisbon protocol.

He also denied a recent allegation of the Russian newspaper IZVESTIYA that the nuclear weapons in his country are "on the verge of accidents".

A total of 104 SS-18 ICBM are deployed on the soil of Kazakhstan. The fuels of these missiles will be burnt in high-temperature closed furnaces in Kazakhstan, for which the United States will provide technical aid and 75 million U.S. dollars, official sources said.

**Northeast Asia****DPRK Hopes To Settle Nuclear Issue Through Dialogue***OW1202161394 Beijing XINHUA in English 1600 GMT 12 Feb 94*

[Text] Pyongyang, February 12 (XINHUA)—A spokesman of the Democratic People's Republic of Korea (DPRK) said here today that his country did not change its position on settling the nuclear issue through dialogue and called on the United States to stop putting pressure on DPRK.

The spokesman of the DPRK Foreign Ministry said since the U.S. had violated the agreement between the two countries, DPRK will not put much hope on its dialogue with the U.S. and will not bind by its previous promises.

He said the U.S. has recently told the DPRK that the nuclear inspection by the International Atomic Energy Agency (IAEA) should be carried out with the sole aim of ensuring the continuity of the nuclear safety agreement and that the U.S. is willing to continue the talks between the two countries.



At the same time, the IAEA has also indicated that they would give up the demand for a comprehensive inspection and will only conduct those necessary for ensuring the continuity of the nuclear safety agreement, the spokesman said.

If these attitudes of the U.S. and IAEA are true, it will be a matter for rejoicing, the spokesman said.

#### **Japan's Hosokawa Cautions U.S. Against Retaliation**

OW1202190894 Beijing XINHUA in English 1754  
GMT 12 Feb 94

[Text] Washington, February 12 (XINHUA)—Japanese Prime Minister Morihiro Hosokawa said here today that he hoped the United States would not take retaliatory trade sanctions against Japan.

Hosokawa indicated that Japan would view such moves as violations of the General Agreement on Tariffs and Trade (GATT), but said he was not frightened of possible retaliatory strikes.

"I very much hope the U.S. will refrain from such action," the prime minister said at a news conference before his departure for Tokyo.

Hosokawa, who arrived here Thursday [10 February] night for a two-day visit, held the first summit meeting with U.S. President Bill Clinton Friday, but failed to reach a trade agreement.

Clinton criticized Japan for unwilling to open its market to U.S. goods. "It is better to have reached no agreement than to reach an empty agreement," Clinton said.

Clinton invited Hosokawa and his wife to breakfast at the White House today to demonstrate that failure of trade talks would not affect the friendly relationship between the U.S. and Japan.

Afterward, the President told reporters that no further trade discussions were conducted at the breakfast meeting and that "it was a totally social visit."

But he said that "we just have to examine what our next steps will be, and we will be turning to that next week."

Hosokawa didn't think the failure of the agreement will lead immediately to U.S. trade sanctions against his country.

The prime minister said Japan would not drop its resistance to "numerical targets" which the United States has demanded, aiming at cutting Japan's giant trade surplus.

Hosokawa insisted that "we will not modify our position in that regard," although the Japanese leader will be returning empty-handed from the U.S. summit meeting.

#### **Mongolian Embassy Holds Reception To Mark New Year**

OW0802113794 Beijing XINHUA in English 1104  
GMT 8 Feb 94

[Text] Beijing, February 8 (XINHUA)—Mongolian Ambassador to China H. Oldzboy held a reception here this evening to mark the Mongolian New Year.

Chinese Vice-Minister of Culture Liu Deyou and Assistant Foreign Minister Wang Yingfan were among those present at the reception.

Oldzboy said that the economic relations and trade between Mongolia and China had developed in the past year and expressed the hope that the year of 1994 would witness further expansion in this field.

In response, Wang said he was convinced that through the joint efforts of both sides, the bilateral relations would reach a new height.

### **Near East & South Asia**

#### **Vice Premier Qian Qichen To Visit Iran, Pakistan**

OW1402064594 Beijing XINHUA in English 0628  
GMT 14 Feb 94

[Text] Beijing, February 14 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen will pay an official good-will visit to Pakistan, Bangladesh, Sri Lanka, Maldives and Iran from February 21 to March 6 at the invitation of the foreign ministers of the these countries.

This is announced by a Chinese Foreign Ministry spokesman here today.

#### **Qian Qichen Meets Pakistani Envoy**

OW1402073394 Beijing XINHUA in English 0704  
GMT 14 Feb 94

[Text] Beijing, February 14 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with visiting special envoy of the Pakistan Prime Minister Benazir Bhutto, Professor N. D. Khan, and they exchanged opinions on issues of common concern.

Khan passed on to Qian a letter from the Pakistan prime minister to Chinese President Jiang Zemin.

Prior to the meeting, Chinese Vice-Foreign Minister Tang Jiaxuan held talks with Khan.

Assistant Foreign Minister Wang Yingfan and Pakistan Ambassador to China Khalid Mahmud were present at the meeting.

Khan arrived here Sunday [13 February].

**Yasir 'Arafat Sends Letter to Chinese Leaders**

OW1102210294 Beijing XINHUA in English 2000  
GMT 11 Feb 94

[Text] Tunis, February 11 (XINHUA)—Palestinian President Yasir 'Arafat sent messages today to the American, Russian, Chinese and Syrian leaderships on the recently-signed agreement with Israelis in Cairo.

The Palestinian News Agency reported that President 'Arafat today met here with the ambassadors of the U.S., China and Russia and the Syrian charge d'affairs and handed them the messages to their leaderships.

The messages deal with the Cairo Agreement which was signed on Wednesday [9 February] night on the implementation of the Palestinian-Israeli Declaration of Principles signed on September 13 last year.

Other two similar messages were sent to Senegalese President Abdou Diouf who doubles as head of the Organization of the Islamic Conference and the Indonesian President Suharto who doubles as the head of the Organization of the Non-Aligned Countries.

**Three Technical Experts Kidnapped by Yemeni Gunmen**

OW1202203294 Beijing XINHUA in English 2020  
GMT 12 Feb 94

[Text] Sanaa, February 12 (XINHUA)—Three Yemeni gunmen kidnapped at noon today three Chinese experts working on a road construction project.

The three Chinese, the head of a Chinese technical team executing the Jahaffa-Maareb Road Construction Project, the chief engineer and the assistant manager of the project, were kidnapped 47 kilometers away from the city of Jahaffa.

XINHUA correspondent learned from a reliable source that the three Yemeni kidnappers have made two conditions for freeing their hostages, namely, completely halting work on the project and withdrawing all those who are engaged in the project.

Yemeni competent authorities have hastened to take measures aimed at getting the Chinese hostages released.

The security situation in Yemen has been deteriorating in the recent years, and there has been recurrent abductions of accredited foreign diplomats, foreign tourists and employees of foreign companies operating in Yemen.

As far as the aforesaid Chinese technical team is concerned, today's incident is the third time that its members were kidnapped since 1991.

**Ambassador to Maldives Presents Credentials 7 Feb**

OW0702134794 Beijing XINHUA in English 1326  
GMT 7 Feb 94

[Text] Male (Maldives), February 7 (XINHUA)—Newly appointed Chinese Ambassador to the Republic of Maldives Zhang Chengli presented here today credentials to Maldivian President M.A. Gayoom.

Gayoom had a friendly conversation with the Chinese ambassador after the ceremony. The president spoke highly of the cooperative relations between the two countries and expressed the hope that the friendly relations between the two countries will be further enhanced.

At the meeting, Zhang Chengli conveyed greetings from Chinese President Jiang Zemin and Premier Li Peng to the Maldivian president.

The Chinese ambassador, who is also ambassador to Sri Lanka, arrived here on February 6 from Colombo.

**West Europe****European Parliament 'Condemns' PRC Human Rights 'Abuses'**

HK1202060994 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Feb 94 pp 1-2

[By "Post Correspondent" David Wallen in London]

[Text] The European Parliament has issued a ringing condemnation of China's human rights abuses, urging guarantees for the liberties of Hong Kong and calling on the European Union (EU) not to improve links with Beijing until there is an improvement. It will be forwarded to Beijing and the governments of European member states over the next few days and could be used to block future trade agreements between the EU and China.

The 33-item resolution, passed without opposition, condemns labour camps, and calls for the release of political prisoners, the ending of the sale in Europe of goods produced by forced labour and the establishment of a multi-party state. It also regrets visits by senior Western politicians such as Chancellor Dr. Helmut Kohl and Prime Minister John Major.

Although the motion is mainly advisory and has no legislative weight, it could turn into a considerable embarrassment to EU governments, including Britain, anxious to step up political and trade links.

"It is a reminder to ministers of the concern of Europe's elected politicians about human rights issues and they should not forget that," said a parliament spokesman in Strasbourg yesterday. "It is a warning to them that they should not negotiate trade agreements without thinking of these issues."

He warned that the Parliament had blocked trade agreements with countries including Morocco and Syria in the past because of concern over human rights and had the power to do so with China.

Although the Parliament has a say on trade deals the real power within the EU is still the European Council—its executive wing comprised of government ministers. But politicians and groups around the world opposed to Chinese human rights abuses will be able to turn to the motion as the first pan-European democratic view on how links with China should be viewed.

Foreign policy within the EU remains the province of the Council and of national governments although under the Maastricht Treaty the Parliament's influence is growing.

The resolution says economic reforms should be accompanied by "the gradual introduction of internationally recognised social standards" and reminds China that it is a signatory to the Universal Declaration on Human Rights. It "reaffirms its condemnation of the use of the death penalty and torture" and "calls on the Chinese Government to release all persons whose only crime is practising their religion".

It goes on to express "the hope that the Chinese legal system can become genuinely independent of the political authorities and able to guarantee citizens the right to legal counsel and to a fair trial". It condemns the "physical and moral pressure exerted on women to have abortions and the widespread practice of infanticide, especially of baby girls".

The resolution expresses concern about conditions in Chinese prisons where it claims prisoners suffer through isolation and inadequate medical care.

Most of the resolution is extremely condemnatory.

It goes on to express regret about the way the lack of human rights and democracy in China makes it necessary to maintain restrictions on the number of official visits. It says that any "further expansion of co-operation" between China and the EU should be accompanied by the ending of the system of "lao gai" or labour camps and the freeing of political prisoners along with respect for "the human rights and fundamental freedoms of the people of Tibet. This should be accompanied by the opening of negotiations with the Dalai Lama."

But it is not all negative. While condemning some official visits, it supports professional and academic exchanges and approves technical and financial schemes. It also welcomes the normalization of relations between China and Vietnam, Russia, India and other countries in the region.

It calls on China to put pressure on North Korea over its nuclear programme, yet condemns arms sales and nuclear testing.

The motion is the result of the first report to be drawn up on EU-Chinese relations since the Tiananmen Square

massacre and is accompanied by a lengthy appraisal of events within the country, its economy and the party hierarchy. It has not concentrated on Hong Kong to any extent although it stresses that links with China must include "securing agreement that the human rights of the people of Hong Kong and Macao are respected after these territories return to Chinese sovereignty".

The Parliament says it "hopes that the planned reunification with Hong Kong and Macao in line with the principle 'one country, two systems' will be accompanied by every possible democratic guarantee".

The resolution was drawn up by the Parliament's Committee on Foreign Affairs and Security under the guidance of an Italian Green MEP Maria Aglietta.

#### **Paris Embassy Marks 30th Anniversary of Sino-French Ties**

*OW1102050694 Beijing XINHUA Domestic Service in Chinese 1433 GMT 3 Feb 94*

[By reporter Liang Guihe Liang Guihe (2733 6311 0735)]

[Text] Paris, 3 Feb (XINHUA)—Chinese Ambassador to France Cai Fangbo gave a banquet on the evening of 2 February to mark the 30th anniversary of the establishment of diplomatic relations between China and France. Pierre Mehaignerie, justice and keeper of the Seal of France; his wife; noted figures of France's political, industrial, and commercial circles; and high-ranking government officials numbering more than 50 attended.

In a warm and friendly atmosphere, Cai Fangbo and Mehaignerie proposed their toasts, respectively. Both sides agreed that the historic decision, made with the foresight and sagacity of a great politician 30 years ago by Chairman Mao and General de Gaulle, to establish diplomatic relations between China and France had not only laid the foundation for developing sincere friendship between the two countries, but also had had a far-reaching impact on international affairs.

After recalling the exchange of visits by leaders of the two countries and the course traversed by the friendly and cooperative relations between the two countries in the past 30 years since the establishment of diplomatic relations, Cai Fangbo pointed out: After undergoing a period of difficulties and setbacks, China and France issued a joint communique on the improvement of relations, thus opening a new page in bilateral relations. He said: Both China and France, as permanent members of the Security Council, bear great responsibilities for international affairs. Moreover, they share many identical or similar views in many international issues. Both sides should strengthen consultation and coordination. He said: "The maintenance of stable relationship of friendship and cooperation between China and France



on a long-term basis not only conforms to the fundamental interests of the two countries, but is an important factor for maintaining balance and stability in the world."

In his toast, Mehaignerie warmly lauded China's reform and open policy and its vigorously growing economy. He also noted that "France hopes to contribute to China's success in reform." He noted: France and China should develop bilateral economic cooperation, particularly cooperation in energy, transportation, and telecommunications. French enterprises are ready to become China's cooperation partners. He expressed the conviction that the upcoming visit of French Premier Balladur to China will certainly bring new and greater development of French-Chinese relations.

Also attending the banquet were former French Premier Delmas; the wife of former French President Pompidou; (Peilefti) and (Altsok), government ministers of De

Gaulle's era; Admiral Philip de Gaulle, son of De Gaulle; and several former French ambassadors to China.

#### **German Traders Oppose Restrictions on Chinese Imports**

*OW0702124394 Beijing XINHUA in English 1233  
GMT 7 Feb 94*

[Text] Berlin, February 7 (XINHUA)—The German Wholesale and Foreign Trade Association opposes further restrictions by the European Community on Chinese imports.

In a letter to the European Community, the association asked for the cancellation of quotas on Chinese goods such as gloves, shoes, porcelain, pottery, toys, and a variety of glass products, the local press here reported today.

The letter said that further restrictions on Chinese imports would not be in accord with the European Community's "free trade policy".

## Political & Social

### WEN WEI PO Says Deng 'Slightly Thinner'

HK1302083094 Hong Kong WEN WEI PO in Chinese  
13 Feb 94 p A2

[By reporter Yao Xinbao (1202 2946 0202)]

[Excerpts] Shanghai, 12 Feb (WEN WEI PO)—On the eve of the Lunar New Year, Shanghai residents learned from television programs that Deng Xiaoping would once again join them in spending the spring festival. This was the seventh consecutive time he did so since 1988. [passage omitted]

It was on the afternoon of 9 February (that is, on the eve of the Lunar New Year) that Deng Xiaoping gathered happily with Shanghai's senior-level persons such as Wu Bangguo and Wang Ju. Deng Nan and Xiao Rong, Deng Xiaoping's two daughters, held his arms [chan fu 2356 2105] on the left and right as he walked into the reception room to shake hands with Wu Bangguo and Wang Ju, who had waited there. Compared with last year, Deng Xiaoping was slightly thinner. [passage omitted]

### Li Peng Inspects Guangdong's Huizhou City

#### Visits Daya Bay

HK1002084194 Hong Kong MING PAO in Chinese  
8 Feb 94 p a7

["Special dispatch": "Li Peng Left Shenzhen for Huizhou To Inspect Daya Bay Development Zone"]

[Text] According to sources, Chinese Premier Li Peng finished his three-day inspection in Shenzhen and left for Huizhou yesterday morning. Li Peng will inspect the Daya Bay Development Zone inside Huizhou City and inquire about the suspended project of Xionghao [Panda] Car City.

The sources yesterday said that during his stay in Shenzhen, Li Peng inspected many places including the Guangzhou-Shenzhen Express Highway which has been opened to traffic and the Huanggang Border Pass.

Yesterday morning, Huizhou Mayor Li Jinwei and other local officials particularly went to Shenzhen to meet Li Peng and his entourage. Li Peng continued his inspection tour in the company of Xie Fei, secretary of the Guangdong Provincial CPC Committee, Zhu Senlin, governor of the province, and Huizhou Mayor Li Jinwei.

The sources said that during his visit to Huizhou, Li Peng will listen to local leaders' work reports and will once again inspect the Daya Bay Development Zone which is under construction.

The Daya Bay Development Zone is one of the major construction projects to which the central authorities attach importance. It includes the the infrastructural

project of Huizhou Harbor, a large deepwater harbor, and two major industrial projects—Nanhai Petrochemical and Xionghao Motors. The former is a large-scale joint venture launched by Nanhai Petroleum Corporation with China Merchant's Steamboat Navigation Company and the Shell Oil Company; and the latter is an investment project launched by South Korea's Tongyi [4827 0001] Group. The plants were built but the project was suspended because of a dispute over the proportion of cars to be exported. Some plants were rented to China's No 2 Motors as assembly workshops.

Huizhou City and the Daya Bay Development Zone are both key areas for development in Guangdong. Guangdong once announced that: "Development in the 1980's was focused on Shenzhen and development in the 1990's will be focused on Huizhou." Jiang Zemin, Li Peng, Yang Shangkun, Wan Li, and Zou Jiahua in turn have previously inspected Huizhou.

According to the sources, during his inspection of Huizhou, it is likely that Li Peng will make a final decision on the future of Xionghao Motors.

On the other hand, China's official XINHUA News Agency yesterday, for the first time, revealed Li Peng's recent inspection of Zhuhai by issuing a special feature about Li Peng's visit to Juren [Giant] Enterprise Group, a high-tech enterprise run by unofficial institutions.

### Speaks on Reform

OW1202054494 Beijing XINHUA Domestic Service in Chinese 0839 GMT 8 Feb 94

[By reporters He Ping (0149 1627) and Jiang Zuozhong (3068 0146 0022)]

[Text] Guangzhou, 8 Feb (XINHUA)—After cutting the ribbon at a ceremony marking the commercial operation of the No. 1 generating unit at the Daya Bay Nuclear Power Station in Guangdong, Li Peng, premier of the State Council, went to Huizhou to conduct inspections and extend Spring Festival greetings to local residents. Li Peng said: Guangdong is at the forefront of reform and opening up, having made rapid progress in all fields of work since the Third Plenary Session of the 11th CPC Central Committee. It is hoped that the people of Guangdong Province will achieve new and even greater success in the new year under the inspiration of the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee.

Li Peng had toured Huizhou in February 1990. Under the guidance of the party's basic line, Huizhou City has made rapid progress in economic construction over the past four years, and it is now a thriving city.

On the morning of 7 February, Premier Li Peng and Ding Guangen, member of the CPC Central Committee Political Bureau, eagerly viewed an exhibition of

Huizhou City's industrial goods. Color televisions, videocassette recorders, high-quality stereo equipment, facsimile printers, and telephones on display in the exhibition hall demonstrated Huizhou City's achievements in electronic industrial development in recent years. It is reported that the output value of Huizhou City's electronic industry currently totals 5.162 billion yuan annually, making this industry the mainstay of the city's industrial sector. Li Peng was very delighted to see the exhibits. As he viewed the exhibits, he questioned workers at the exhibition hall in detail about the products' functions, prices, and sales. He urged local cadres to build on their leading products, to develop more new products, and to tap foreign and domestic markets in light of their own special conditions.

Aside from developing its economy in recent years, Huizhou city has paid attention to investment in educational services, which totaled 359 million yuan last year after increasing at an average annual rate of 31.9 percent. After visiting the exhibition, Li Peng also made a special trip to the No. 8 Huizhou City Middle School to visit the teachers and students there. When the teachers and students saw the premier, they swarmed around him to shake his hand. For his part, Li Peng warmly greeted them and offered season's greetings to the teachers who worked hard on the educational front.

Huizhou city was heavily decorated and shrouded in a joyous atmosphere prior to the Spring Festival. Pots of kumquat, chrysanthemums, gladioli, daffodils, and tulips lined the streets, adding a spring touch to the winter of this southern city. Amid the hustle and bustle, Li Peng had cordial conversations and exchanged season's greetings with flower growers and city residents.

Before his tour of Huizhou, Li Peng had inspected infrastructure and some new and high technology projects in Foshan, Zhongshan, Zhuhai, and Shenzhen from 28 January-5 February. He had held informal discussions with local leading party and government comrades. Li Peng said: The more we develop the economy, the more we should bear in mind the need to show concern for and help with the well-being of people in impoverished areas. The more we reform and open up, the more we should strengthen spiritual civilization and create a fine social environment for reform and development.

Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial Party Committee; Guangdong Governor Zhu Senlin; and responsible comrades from relevant State Council departments accompanied Li Peng on his tour.

#### **Rong Yiren Comments on Hong Kong Issue**

OW1202035794 Beijing XINHUA Domestic Service in Chinese 2121 GMT 11 Feb 94

[Article by Xue Jianhua (5641 1696 5478): "For the Sake of National Interests and National Honor—An Interview With State Vice President Rong Yiren"]

[Text] Beijing, 12 Feb (XINHUA)—When Rong Yiren was interviewed a few years ago, he was the head of the China International Investment and Trust Corporation [CITIC] and had just been named by a well-known U.S. economic monthly as one of "50 renowned entrepreneurs in the world." The magazine commented: "They are powerful figures in industrial development and represent important trends. Over the next few years, they will play an influential role on a broad scale."

When he was interviewed again this time around, Rong Yiren was already the PRC's vice president. Nevertheless, his wise eyes, kindly smile, and cordial tone remained unchanged...[ellipses as received]

#### **In the New Post**

Rong Yiren was elected PRC vice president at the First Session of the Eighth National People's Congress [NPC] on 27 March 1993. It is now fully 10 months later.

Rong Yiren said: "I was vice chairman of the NPC Standing Committee, chairman of the All-China Federation of Industry and Commerce [ACFIC], and chairman of CITIC. However, I spent the better part of my time on CITIC's business. Now that I have assumed the Vice Presidency, I have resigned my posts as CITIC and ACFIC chairman."

"In my position as vice president, I mainly assist the president in some work," said Rong Yiren. As vice president, Rong Yiren has had a very busy schedule of state functions since April 1993. He visited Portugal and Spain, and received and met 88 delegations from various parts of the world, as well as from the Taiwan, Hong Kong, and Macao area. Shortly after the new year began, he met a number of important visitors, such as the Azerbaijani foreign minister, the Zimbabwean foreign minister, U.S. senators, and the Romanian minister of state.

Asked whether he was busier than in the past after assuming the vice presidency, Rong Yiren said: "I cannot say that I am busier because I also had a lot of work to do at CITIC, only that my current job is more politically oriented and more demanding."

He said: As vice president, I represent national interests and the national honor. In dealing with foreigners, we should brief them factually on China's situation, provide them information on matters that they want to understand, and patiently explain things that they do not quite understand. We should respect both our guests and ourselves, but our main purpose is to enhance and expand international contact and friendship.

#### **"President Jiang Zemin Takes My Opinions Seriously"**

Rong Yiren said: "In performing my work, I often exchange views with President Jiang Zemin. President Jiang Zemin takes my opinions seriously. We cooperate very well."



On his relations with President Jiang Zemin, Rong Yiren recalled happily: "Our friendship has existed for a long time, and our relations have always been good. Our contacts were especially numerous in 1979, when Jiang Zemin was vice chairman of the State Commission on the Administration of Foreign Investment and I was the adviser.

"When Jiang Zemin was subsequently appointed minister of the electronics industry and I was the head of CITIC, we also had a lot of contacts relating to our work. When Jiang Zemin was mayor of Shanghai and secretary of the Shanghai Municipal Party Committee, I made a point of visiting with him when I went to Shanghai."

Speaking of his domestic tasks, Rong Yiren said that because his previous work had primarily been in the economic field, his main domestic tasks had been to conduct investigations and study to find out about the situation, as well as to review the findings and present them to relevant departments in the form of ideas and suggestions.

On top of his busy schedule of receiving foreign guests, Rong Yiren spent a lot of time reviewing materials and studying issues. Last May and November, he successively visited Jiangsu Province and Tianjin Municipality to investigate and learn about the situation there; he gained a lot from those visits. He said: "By and large, my work has proceeded very smoothly."

#### **The Year 1993 Laid a Very Good Foundation for Future Development**

In evaluating China's economic situation in 1993, Rong Yiren said: Generally speaking, 1993 was a year in which we implemented Deng Xiaoping's theory of building socialism with Chinese characteristics, seized opportunities, deepened reform, developed the economy rapidly and satisfactorily, and continued to score success. China's situation underwent tremendous changes after Deng Xiaoping delivered his talks during his tour of southern China in early 1992. At the Third Plenary Session of the 14th CPC Central Committee last year, we finally reached a consensus regarding the experience we had gained from more than a decade of exploration: to establish a socialist market economic system.

Rong Yiren said: The Chinese economy grew at an average rate of around 9 percent annually between 1980 and 1991, and it grew 12.8 percent in 1992 and around 13 percent in 1993. This continuous rapid growth is rare in the world. The reason China scored tremendous achievements in economic construction last year was primarily the result of its emphasis on deepening reform, opening up wider to the outside world, and strengthening macroeconomic regulations and control, which enabled economic construction to proceed more orderly than in the past. At present, China is socially and politically stable, its agriculture continues to reap bumper harvests, its industrial production grows rapidly, its domestic market enjoys brisk business, its foreign trade is active, its people's livelihood continues to improve, and its

overall economic strength is increasing. All this has laid a good foundation for further development in 1994 and after.

He said: In light of China's basic situation and the intrinsic need for establishing a socialist market economic structure, China's next-step reform will, on the whole, still be carried out in an orderly way, step by step, and actively but prudently. Whenever a reform measure is promulgated, the capability of the state and the people to stand strains will be taken into full consideration so as to foster both economic development and social stability through reform.

Speaking of this year's growth rate, Rong Yiren believed the currently set 9 percent rate is well-founded. He said: "Although the rate is a bit lower than that of the last year, it is actually not low. China's economy will follow the course of sustained, rapid, and healthy development. Nine percent is a fairly reasonable rate. The growth rate is set between 8 and 9 percent for the entire Eighth Five-Year Plan precisely because this will help arouse the initiatives of all quarters while ensuring the healthy and orderly progress of economic construction."

Rong Yiren stressed: Among reform, development, and stability, reform takes the lead. Without reform, there would be no development. Meanwhile, without stability—that is without social and political stability—reform and development would become idle talk. This is why we consider development the purpose, reform the motive power, and stability the guarantee. We hope to promote development through reform. Only with development of the economy and improvement of the people's living standards can there be political and social stability. Moreover, stability will further help deepen the reform. This is the main experience of China's reform and opening up over the last decade and more.

#### **It Is Still Necessary To Stress Plain Living and Hard Struggle Today**

Rong Yiren said: Although we have made great achievements in economic development, we still have a long way to go to reach our goal. We have set the goal to build the country into a moderately developed country within half a century. We still have a long way to go to reach this goal, and we still need to exert considerable efforts.

He said: "It is still necessary for China to advocate plain living and hard struggle, and diligence and frugality, and to make further progress with a strong determination." He criticized certain localities for being wasteful and extravagant as soon as their economic conditions improve. He said: "This development is very bad; it should be resolutely stopped."

Rong Yiren said: We cannot turn China into a modern socialist country with Chinese characteristics without going through a long period of plain living and hard struggle to overcome one difficulty after another. Our principle is: Strive to minimize twists and turns to make development more steady.

Speaking of relations between the Chinese mainland and Hong Kong, Rong Yiren said: Hong Kong, as an important international financial and trade region, is closely tied to the mainland's economic development. The considerable growth of Hong Kong's international trade volume in recent years cannot be separated from the mainland's development and support. This is precisely as Premier Li Peng has said: "Hong Kong's economy and that of the mainland have become inseparable."

Rong Yiren said: Recently, because of the British Government's failure to keep its words and because of its uncooperative attitude, the Sino-British talks have broken down. This has created certain trouble and problems. It is natural that the Hong Kong compatriots should become worried. However, no matter what happens, the Chinese Government will adhere to the principles of "one country, two systems" and "letting the people in Hong Kong administer Hong Kong." This principle will not change. Together with patriotic compatriots in all circles of Hong Kong, we will adhere to the principle of the "Basic Law" to maintain long-term stability and prosperity in Hong Kong.

#### Reports on Zhu Rongji's Visit to Provinces

##### Inspects Haicang Investment Zone

HK1002061494 Hong Kong WEN WEI PO in Chinese  
7 Feb 94 p a3

["Special feature" by special reporter Huang Jo-hung (7806 5387 4767): "Zhu Rongji Visited Haicang Three Times"]

[Text] The fourth day of February 1994, Lichun, the Beginning of Spring, the first of the 24 solar terms of the year, was an unusual day for Xiamen's Haicang Investment Zone, which has always attracted attention from people at home and abroad. An epoch-marking event happened that day in Haicang, which has been undergoing development for more than 300 years.

That day, Zhu Rongji, Standing Committee member of the CPC Central Committee Political Bureau and vice premier of the State Council, once again inspected Haicang. That was his third visit to Haicang, which he previously inspected in March and July 1992.

A noticeable fact was that Vice Premier Zhu Rongji also brought the principal leaders of more than 10 state departments, including the State Planning Commission, the Economic and Trade Commission, the Ministry of Chemical Industry, and the Ministry of Finance before the expiration of the land use agreement for the "901 Project," to which 20 square kilometers of land was allocated. Such a large-scale and high-level group of state leaders coming to see an investment and development zone had not been seen in the past. This showed that the party and state leaders attach great importance to the development of Haicang. Of course, as some relevant analysts have concluded, this also indicated that a final decision on the use of the 20-square-km land preserved

for the project launched by Taiwan Plastics would soon be made. Haicang's development will then enter a new stage.

The state authorities attached great importance to every step of Haicang's development from the planning stages to the initial construction.

On 20 May 1989, the State Council issued an official document, approving the establishment of a special investment zone for Taiwan investors in the Xiamen Special Economic Zone and in the districts of Xinglin and Haicang, and investment projects inside the zone will enjoy favorable policy treatment.

In January 1990, the State Council named the area of 100 square kilometers in Haicang for the investment project of Taiwan Plastics "901 Project," and a special leading group was set up to handle this matter.

On 2 February 1990, Comrade Li Ruihuan inspected Haicang, and praised the advantageous conditions there. He proposed that the delimitation of the administrative districts should serve the purpose of economic development.

On 24 February 1990, Premier Li Peng braved the rain to inspect Haicang and instructed Haicang to "break conventions and adopt special measures to deal with special matters" in its development. He also immediately decided that the State Council would arrange some loans as start-up funds.

Between 16 and 20 September, Comrade Qiao Shi inspected Haicang and listened to work reports by local leaders.

Between 17 and 19 March 1992 and between 2 and 4 July 1992, Vice Premier Zhu Rongji flew to Haicang twice to handle some affairs in Haicang's construction. He instructed the departments concerned to effectively carry out their tasks, thus creating conditions for large-scale development.

Party and state leaders Deng Xiaoping, Jiang Zemin, Yang Shangkun, Yao Yilin, Zou Jiahua, and Wang Zhaoguo frequently met with leading overseas businessmen in order to promote Haicang's development...

In the last few years, Haicang continued to be a key focus of the people's attention.

On 4 February, Vice Premier Zhu Rongji led nearly 100 leaders from all the relevant State Council departments and the relevant institutions of Fujian Province and Xiamen City to Haicang by ship. On the ship, the leaders first listened to the report about the construction of Haicang Bridge. At about 1000, Vice Premier Zhu Rongji and his entourage stepped onto Congyu Pier in the southwest part of Haicang. They first inspected the project of the Congyu Power Station, which was under full-scale construction. The first phase of the project will enable the power plant to generate 600,000 kilowatts of electricity. There, the leaders expressed gratitude and

appreciation to the cadres and workers who were working hard on the construction side. The motorcade then moved along the broad new roads, Maqing Road and Wengjiao Road, and successively visited the construction site of Xianglu Polyester Fiber Textile Plant, which would produce 180,000 tonnes of polyester products a year, the new downtown area of Haicang, the new office building of the Haicang Management Committee, and the Xinyang Industrial District. On the construction site of Xianglu, Vice Premier Zhu talked cordially with the project's responsible people and inquired about the project's progress and the difficulties they were facing. Vice Premier Zhu indicated that the state authorities would, as usual, continue to help Haicang solve problems in its construction. In the Haicang Management Committee's office, Vice Premier Zhu listened to the responsible officials' work reports about the planning for the construction of the investment zone and the conditions of the construction projects. He fully affirmed Haicang's changes and developments and said gladly that, as compared with the conditions in 1992, Haicang's transformation and development are indeed impressive.

During his inspection tour, Vice Premier Zhu Rongji expressed important opinions on Haicang's construction and development in the next stage. In particular, he changed the name of the "Haicang Taiwan Investment Zone" officially used by the State Council's 1989 document into the "Haicang Project Investment Zone." This showed that the Haicang Investment Zone would be further opened to investors from all parts of the world, and would welcome investors from Hong Kong, Taiwan, and overseas areas, and it would not be simply opened to Taiwan investors. On the other hand, this indicated certain major and large-scale projects would be introduced to Haicang.

Vice Premier Zhu Rongji also instructed that the construction of Congyu Power Plant and the coal dock in Congyu be quickened in order to strengthen the infrastructure facilities, and that the civil engineering part of the Xianglu polyester project be carried out intensively, and that the equipment be installed properly to that it may be put into operation according to schedule. At the same time, efforts should be continued to advance the preliminary and preparatory work of other projects, thus creating a new situation in Haicang's development.

#### **Inspects Sichuan**

*OW1202043494 Beijing XINHUA Domestic Service in Chinese 1453 GMT 8 Feb 94*

[By reporter Jin Xiaoming (6855 1420 2494)]

[Text] Chengdu, 8 Feb (XINHUA)—Enduring the hardships of a long journey, Zhu Rongji, Standing Committee member of the CPC Central Committee Political Bureau and vice premier of the State Council, and a number of leading comrades of State Council ministries and commissions, arrived in the vast land of Sichuan on 5 February on an inspection tour. They brought with them

new year's greetings from the CPC Central Committee and the State Council to Sichuan's 100 million people.

During their stay in Sichuan, Comrade Zhu Rongji attended a spring festival group greetings ceremony sponsored by Sichuan Province and Chongqing City. He met with and extended cordial greetings to local party, government, and military leaders as well as retired veteran comrades and fully affirmed the achievements made by Sichuan Province in all fields in recent years. He said that not only did Sichuan rapidly develop its economy last year, but it also quite satisfactorily handled the relationship between reform and development and stability. He urged the province to seize the opportunity to deepen reform, open up wider, promote development, and maintain stability in the new year to win greater victories.

During the inspection tour, Zhu Rongji and his party also went down to factory workshops and research institutes to pay new year's calls on workers and research personnel working on the front line of production. They also joined plant managers in offering "group diagnosis" to enterprises having difficulties.

On the afternoon of 6 February, Zhu Rongji and his party arrived at the Chongqing No. 1 Cotton Mill, where he held a "forum for difficult enterprises," which was attended by plant directors and managers of nine difficult enterprises. Comrade Zhu Rongji earnestly listened to the plant directors and managers on their situations and analyzed the causes of their problems and difficulties. He pointed out: The first thing we must do to build a modern enterprise system is to separate enterprises from the government. The government must not command enterprises blindly; enterprises shall make their own decisions regarding operations and management. Plant directors shall take responsibility for mistakes. All this should be institutionalized to allow supervision by the workers. Those enterprises with liabilities greater than assets and without any hope of stopping losses should go bankrupt on a trial basis and then undertake reorganization to begin a new life. Zhu Rongji also pointed out: Reform of the social insurance system is essential to a smooth shift of the operating mechanism and the safeguard of social stability at the same time.

Zhu Rongji encouraged directors of difficult enterprises, saying: Difficulties are only temporary; the future is bright. Temporary difficulties can definitely be resolved step by step. While state policies will be instrumental to resolving problems, enterprises must rely primarily on themselves to regenerate through self-reliance and hard struggle, through market research and new products development, and through strengthened management and the change of operating mechanism. Enterprises must direct their attention inward to improve internal management. At present, special attention must be paid to the workers' livelihood to ensure their basic livelihood and the stability of society.



He Chunlin, Chen Jinhua, Wang Zhongyu, Gu Xiulian, Yu Zhen, Li Yanling, Dai Xianglong, Li Yizhong, Pan Liansheng (3382 5571 3932), and Zhang Xianghai accompanied Zhu Rongji in his inspection of Sichuan.

#### **Chen Jinhua Inspects Shanxi's Reform, Development**

HK1002035894 Taiyuan SHANXI RIBAO in Chinese  
29 Jan 94 p 1

[Report by reporter Li Wei (2621 0251): "State Planning Commission Minister Chen Jinhua and Provincial Leaders Hu Fuguo and Sun Wensheng Inspect Xinzhou, Shuozhou, and Taiyuan"]

[Text] State Planning Commission Minister Chen Jinhua, Shanxi Provincial Party Secretary Hu Fuguo, and Sun Wensheng, deputy secretary and acting governor, went to Xinzhou, Shuozhou, Taiyuan, and other localities to conduct investigation and study from 20 to 26 January. They also inspected the progress of the Wanjiazhai project for diverting water from the Huang He. They held forums with the provincial organs on market, prices, and other issues. Chen Jinhua said that, with strategic foresight, Shanxi has focused on infrastructural building in developing its economy. It is indeed encouraging to see the vigor of the people throughout the province in changing Shanxi's outlook. Shanxi also had sound judgment in mobilizing the whole province to develop "Project Hope." We have the responsibility to show our concern and give assistance.

Chen Jinhua, minister of the State Planning Commission, arrived in Taiyuan on 20 January with comrades responsible for the Agricultural Department, Transportation Department, and Investment Department under the State Planning Commission. After listening to an account given by the Shanxi Planning Committee and the Wanjiazhai project headquarters on diverting water from the Huang He, they inspected some large- and medium-size enterprises, including the Shanxi Textile Mill and Taiyuan Heavy Machine Plant. From 21 to 24 January, Chen Jinhua, Hu Fuguo, and Sun Wensheng went to conduct investigation and study in Ningwu, Shuzhou, Pianguan, Baode, Shenchu, and Xinzhou and inspect the progress of the Wanjiazhai project for diverting water from the Huang He. Then they went to the Taiyuan Iron and Steel Complex and the Mining Machine-Building Plant to conduct investigation and study. They also inspected the expansion project for the Taiyuan Airport and the Taiyuan Railway Station. Chen Jinhua, Hu Fuguo, and Sun Wensheng examined in detail the key water diversion project and culvert and walked into the tunnel, which was still under construction, to perform a quality check. They extended their greetings to officials and construction workers involved in the project. Chen Jinhua pointed out: The project for diverting water from the Huang He to the Shanxi is a great event. As Shanxi is the country's base for energy, heavy industry, and chemical industry, the water diversion project has attracted nationwide attention. He

affirmed that, as always, the State Planning Commission will show concern for and support the project. Construction has started for the key project, main canal, and north trunk. The State Planning Commission will take concerted action to ensure that the project is completed on time and will deliver water to Taiyuan in 1998.

Chen Jinhua said that, under the leadership of the provincial party committee and government, the people of the entire province are enthusiastic about changing Shanxi's outlook. I am encouraged about the good and valuable things that I have personally seen. Li Shuangliang's [Shanxi deputy to the 8th National People's Congress] method of handling the province's problem of accumulated spent coal is unique nationwide, and this spirit of transforming the country's outlook is valuable. In my view, the strategy of Shanxi's economic development conforms to the spirit of the 14th Party Congress, is based on the current situation and focused on the 21st century, and is based on Shanxi while having the country and the world in mind. You have promoted current economic growth and accumulated staying power for further development, which will play a great role in upgrading Shanxi's economy in the 1990's and will create conditions for development in the next century. The efforts made by the provincial party committee and government to step up infrastructure building are far-sighted. Chen Jinhua made the following three proposals for Shanxi's economic development: First, as Shanxi has favorable conditions for its economic development, structural readjustment, and optimized distribution of resources, I hope that you can introduce bold reforms in ownership and accelerate the development of collective and township enterprises. Second, it is necessary to update the concept of proportional relations between heavy industry and light industry and let heavy and light industries complement each other. Third, regarding projects included in the Eighth Five-Year Plan, it is necessary to concentrate forces to implement the plan, make efforts to check inflation, and prevent investment in capital construction from exceeding general supply.

Chen Jinhua called for doing well the following work regarding market and prices: First, take note of maintaining the overall balance and never let the difference between general supply and demand exceed 5 percent. Second, attach importance to agriculture and the "vegetable basket" project, protect the interests of the broad masses of the people, and guarantee social stability. Third, it is necessary to properly handle the extent of price reform and the timing of introducing reform packages. Fourth, offer correct media guidance for forecasting the inclination of the masses. Fifth, in management over prices, it is necessary to combine government interference with mass supervision and strengthen price work. He emphasized that relations among reform, development, and stability should be properly handled.

## Wen Jiabao Inspects Fujian 5-9 Feb

### Urges 'Stable Development'

OW1402041194 Beijing XINHUA Domestic Service in Chinese 0604 GMT 9 Feb 94

[By FUJIAN RIBAO reporters Wei Zhangguan (7614 4545 1351) and XINHUA reporter Lin Siding (2651 2448 1353): "During a Fact-finding Tour of Eastern Fujian, Wen Jiabao Stresses: Take Rural Work Seriously and Care About the Livelihood of Peasants"]

[Text] Fuzhou, 9 Feb (XINHUA)— Wen Jiabao, alternate member of the Political Bureau of the CPC Central Committee and member of the Secretariat, pointed out during a fact-finding tour of eastern Fujian: Maintaining the stable development of the rural economy is now crucial to the smooth implementation of overall reform and to the sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy. Party committees and government at all levels must attach great importance to rural work and show genuine concern for the livelihood of the peasants to protect and further mobilize their initiative.

From 5 to 9 February, Wen Jiabao called on peasants in impoverished villages, areas around the reservoir, and Yu nationality villages in Gutian, Bingnan, Zhouning, and Fuan Counties. He inquired of cadres about the peasants' livelihood and agricultural production conditions.

Wen Jiabao said: This year will be crucial for reform of the economic structure. The fundamental tasks in the countryside are: To conscientiously implement guidelines of the Third Plenary Session of the 14th CPC Central Committee and the Central Conference on Rural Work; stabilize the party's basic policy for rural areas; deepen rural reform; further mobilize the peasants' initiative to promote rural economic growth and increase their income; to promote social stability in rural areas; and to lay a solid foundation—and create an excellent environment—for the smooth implementation of the major reform measures and the sustained, healthy, rapid development of the national economy.

Wen Jiabao stressed: China is a big agricultural country where peasants account for 80 percent of the population. Exercising effective leadership over work in rural areas and strengthening the role of agriculture as the foundation of the national economy will have a direct bearing on the overall situation of economic construction and on the overall stability of society. Leadership at all levels in charge of rural work must always have the peasants in mind, show concern for them at every turn, depend on them in everything, and seek to increase the benefits of the peasants in everything they do. We should respect the peasants' creative spirit, pay close attention to their immediate interests, help them solve their difficulties in daily life, and do a good job in guiding, protecting, and mobilizing their initiative. At present, we should do all

we can to promote the rural economy, increase the peasants' income, continue efforts to reduce burdens imposed on peasants, improve public order in rural areas, and provide technical and information services to peasants. We must care about the people in old revolutionary base areas, areas inhabited by minority nationalities, poverty-stricken areas, disaster-ridden areas, and areas around the reservoir, and help them in making arrangements for production and livelihood.

Wen Jiabao said: The season for spring plowing is around the corner. We must prepare well for spring production by helping the peasants formulate and implement production plans and by organizing ample supplies of means of agricultural production like chemical fertilizers, chemicals, farm machinery, and diesel oil in order to reap another good harvest; and to ensure amply supply and stable prices of vegetables, grains, and edible oils.

### Addresses Peasants

HK1402031694 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 9 Feb 94

[Text] While inspecting Fujian's eastern rural areas, Wen Jiabao, alternate member of the CPC Central Committee's Political Bureau and member of its Secretariat, pointed out: Maintaining stable social and economic development in the rural areas is very important to ensuring the smooth carrying out of reform and the sustained, speedy, and healthy development of the national economy. All levels of party committees and governments should take serious account of rural work, show concern for the peasants' lives, and protect and bring their initiative into play.

From 5 to 9 February, Wen Jiabao visited some peasants in poor mountainous areas in Gutian, Pingnan, Zhouning, and Fuan counties and also held discussions with cadres and masses there to obtain information about the peasants' lives.

Wen Jiabao said: This year is a crucial year for economic structural reform. The basic task in rural work is to seriously implement the instructions of the Third Plenary Session of the 14th CPC Central Committee and the central meeting on rural work, to stabilize the party's policy on rural areas, deepen rural reform, bring peasant initiative into better play, stimulate the rural economy, increase peasant income, maintain social stability in rural areas, and lay a solid foundation and create good conditions for the smooth implementation of all major reform measures and for the sustained, speedy, and healthy development of the national economy.

Wen Jiabao stressed: Leaders in charge of rural work should always think of the peasants, show concern for them, rely on them, and do everything for them. At present, every possible effort should be made to develop the rural economy, increase peasants' income, reduce their burden, improve social order in the rural areas, and provide technological information for the peasants.

There is a need to care for the old revolutionary base, ethnic, poor areas, and disaster-stricken areas and to help the people there make good arrangements in production and life.

Wen Jiabao said: As spring farming is approaching, we should make good arrangements for spring production, help the peasants work out and implement production plans, organize the supply of chemical fertilizers, farm chemicals, agricultural machinery, diesel oil, and other agricultural production materials, ensure service before and in the middle of production, and strive to reap a good harvest this year.

**Li Lanqing Discusses Education With Counselors**  
*OW1102050594 Beijing XINHUA Domestic Service in Chinese 1035 GMT 4 Feb 94*

[By Sun Yong (1327 0516)]

[Text] Beijing, 4 Feb (XINHUA)—Li Lanqing, vice premier of the State Council, invited a number of State Council counselors to Zhongnanhai this morning for an informal meeting to solicit their views on China's education reform.

Speaking at the meeting, Counselors Zhang Houcan, Tang Sheng, Zhou Xiqing, Lu Deyun, Shen Daming, Tang Zongshun, Deng Yinyin, Li Jiahua, and Zhou Jing affirmed the achievements made in China's education. At the same time, they pointed out: we leaders at all levels should further enhance our awareness of the strategic role of education in socialist construction. We must set up school disciplines in a scientific way and according to the laws governing education. While giving students knowledge, we must cultivate their independence and creativity. We must strengthen advanced in-service study and training of teachers. The counselors also gave their opinions and suggestions on raising teachers' pay and benefits as well as other issues.

Li Lanqing earnestly listened to the counselors' views, thanking them for their concern and support of China's education. He said: China is a developing country, not well-off in economic terms. To run the world's largest educational system, it is necessary to gradually increase investment in education as the economy develops. The fundamental approach, however, is through reform. The State Council and local authorities are actively but prudently promoting education reform on the basis of the "Outline for China's Education Reform and Development" to raise teaching qualities and improve the social effect of school education.

Li Lanqing said: At present, it is necessary to concentrate on improving basic education first. This is a fundamental issue affecting the improvement of the entire nation's standards. At the same time, we must vigorously develop vocational education at the elementary, middle, and secondary levels as well as adult education to train more practical personnel needed in society. Higher education should be reformed to improve its teaching

quality and social effects. To make our education more successful, it is necessary to raise the awareness of society as a whole, particularly the awareness of leading cadres at all levels, on the strategic importance of developing education on a priority basis, and it is necessary to foster a social ethics of respecting teachers and valuing education. Li Lanqing urged all counselors to continue their investigation and research in this regard and give their views and proposals on improving education to the State Council.

#### **Commission Issues Circular on Illegal Schools**

*OW0602023194 Beijing XINHUA Domestic Service in Chinese 2145 GMT 3 Feb 94*

[Text] Beijing, 4 Feb (XINHUA)—In a circular issued the other day, the State Education Commission [SEC] criticized the breach of discipline by the Hengyang City Education Commission, Shaoyang City, and other units, which have set up schools, opened courses, and enrolled students without authorization. The circular outlines its suggestions on punishment.

The circular notes: The "commissioned college level medical course" at the Hengyang City Medical Training Center was approved in 1992 by the Hengyang City Education Commission, which overstepped its authority in granting the approval. With this approval, the city Public Health Bureau has in the past two years recruited 120 students in Guangdong, Guangxi, Jiangxi, and other provinces. The students—who were required to pay a yearly tuition of 2,200 yuan, excluding living expenses—were promised a college level medical diploma from the Hengyang Public Health School. Most of the enrollees were students who had failed to pass the college entrance examinations. Some of them were senior high or middle school dropouts, and some were workers. None of them were officially enrolled by the Provincial Admissions Offices.

In September 1992, the training center rented some floor space from the Zhongnan Engineering Institute. It also rented two classrooms from the middle schools affiliated to the engineering institute. They were used as classrooms and dormitories for the "commissioned college level medical course."

The circular points out:

1. The operation of the "commissioned college level medical course" was a serious violation of state policy and regulations. The Hengyang City Education Commission, which did not refer the application to higher competent authorities and overstepped its authority in giving the approval, made a serious mistake of violating the provision that "no unit or individual is allowed to set up schools, enroll students, collect fees from them, or issue diplomas without authorization."



2. The "training center's" objective in offering the course was illegitimate. State laws clearly provide that profit-making should not be the goal of schools run by nongovernment sectors. By inaugurating the course, a commercial vehicle for making a profit, the training center diverted from the legitimate goals of school operations.

3. As a secondary vocational school, the Hengyang Public Health School has committed a serious violation by, without first obtaining approval from the state, accepting the assignment of the "commissioned college level medical course" and giving college level instructions.

The incident also uncovers problems with regard to implementation of state policy and school administration at the Zhongnan Engineering Institute. To increase revenue, the institute—in violation of state regulations—supported the "commissioned college level medical course" sponsored by the city public health bureau. Leasing out floor space made conditions at the once relatively commodious institute rather cramped, creating confusion in campus administration. Moreover, the institute also violated state regulations by turning its evening school into a full-time school.

The circular criticizes the aforementioned units for their violations. In the circular, the SEC requested the Hunan Provincial Education Commission and the Hengyang City People's Government to investigate the responsibility of—and severely punish—officials of the Hengyang City Education Commission for giving the go-ahead to the "commissioned college level medical course" in violation of state regulations as well as those involved in illegally conducting the courses and enrolling students. The SEC instructed the Hengyang City Education Commission, Public Health Bureau, and other units involved to abolish the "commissioned college level medical course" and properly deal with problems arising from the incident.

The "Letter on Suggestions for Dealing With the 'Shaoyang Institute of Village and Town Enterprises in Hunan Province,'" which was reissued by the SEC, notes that in July 1992 the Shaoyang city people's government, in Hunan Province, approved without authorization the establishment of the "Shaoyang Institute of Village and Town Enterprises in Hunan Province" and took it upon itself to register applicants, compile examinations, administer tests, and enroll students. It admitted 106 students in 1992 and 141 in 1993. The Hunan provincial people's government took the matter seriously and instructed the provincial education commission to investigate. After a thorough investigation, the provincial education commission took a firm step to redress Shaoyang city's blunder by abolishing the institute.

The SEC pointed out: Higher education has developed rapidly in China over the years. Infractions of discipline and transgressions of authority, however, have been reported frequently in regard to the establishment, name changes, and enrollment of institutes of higher learning.

Driven by the profit motive, some units, schools, or individuals are taking advantage of people's admirable desire to obtain a higher education—in violation of specific prohibitions and repeated injunctions and in undermining state plans—by offering college-level courses and recruiting at will students who have failed to pass college entrance examinations, youths awaiting job assignments, and currently employed workers from society at large. Some of these educational establishments do not have any facilities or teaching staff of their own. They hold courses by renting primary or middle school classrooms or floor space from factories or hotels and by scraping together a teaching staff. Even though some courses are given at secondary or other schools, these schools lack the facilities, teaching staff, and administrative support needed to carry out higher education.

The circular notes: The frequent recurrence of incidents involving illegal student enrollments, illegal courses, and illegal diplomas can be attributed to the leaderships of a few localities' departments who either did not understand the gravity and the possible serious consequences of their actions, or who have failed to implement the relevant state policy or have even connived at or supported such actions.

The circular points out: Enrollment in 1994 at institutes of higher learning will start soon. It is hoped that localities and departments will, while further emancipating their minds and accelerating the pace of reform and opening up, step up the macroadministration of higher education, strictly observe state laws and regulations, thoroughly investigate any incident involving illegal schools, enrollment, or diplomas in their respective jurisdictions, and consolidate order in educational circles. Where severity justifies it, the unit or individual involved shall be criticized by circulating a notice or shall be given the pertinent administrative punishments. The individuals involved shall be called to account for any serious consequences arising therefrom.

**Beijing University Promotes Young Professors**  
*OW1202130994 Beijing XINHUA in English 1254*  
*GMT 12 Feb 94*

[Text] Beijing, February 12 (XINHUA)—Beijing University, one of China's leading universities, has been putting emphasis on promoting young and middle-aged lecturers to the ranks of professor and associate professor.

Over the past five years, the university has named over 190 professors and associate professors from among the young and middle-aged staff.

From 1992 to 1993, the university appointed 55 professors and 47 associate professors, the youngest professor being only 28 years old.

To improve teaching and research conditions for young and middle-aged professors and associate professors, the

university adopted eight measures. They included giving academic allowances, Ph.D. degree allowances, a scientific research foundation for young experts, a publishing foundation, and an academic holiday system.

Recently, the university invested 2 million yuan in the salary fund to ensure the adoption of a new higher salary standard system formulated by the government.

It has used the money to set up "Jun'an—Beijing University Scientist Prize" for the academicians of the Chinese Academy of Natural Sciences, and tutors for graduates pursuing a Ph.D. course.

The university has built six apartment buildings for the people engaged in post-doctoral researches.

The improvement of the teaching and living conditions has attracted some returned graduates from abroad. So far this university has 60 professors who returned from abroad after they completed their Ph.D. degree.

### Leaders Celebrate Spring Festival in Provinces

#### XINHUA Substitutes Report

OW1102091494 Beijing XINHUA Domestic Service in Chinese 0916 GMT 10 Feb 94

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporters Li Shangzhi (2621 1424 1807) and He Ping (0149 1627); Beijing XINHUA Domestic Service at 0915 GMT on 10 February cancels first version of an item "due to an error" and replaces it with the following which includes the full text of first item; passage published in boldface is the XINHUA addition. The first version entitled "Chaired by Jiang Zemin" was published in the Political & Social section of the 10 February China DAILY REPORT, page 6]

[Text] Beijing, 10 Feb (XINHUA)—The CPC Central Committee and the State Council sponsored a Spring Festival get-together for exchanging greetings at the Great Hall of the People this morning. On behalf of the CPC Central Committee and the State Council, Jiang Zemin, general secretary of the CPC Central Committee, state president, and chairman of the Central Military Commission, and Li Peng, State Council premier and Standing Committee member of the CPC Central Committee Political Bureau, extended New Year's greetings to everyone present, a happy new year to the people of all nationalities in the country and the compatriots in Taiwan, Hong Kong, and Macao, as well as Overseas Chinese, and cordial greetings to international friends who care for and support China's modernization drive.

The banquet hall of the Great Hall of the People was brightly lit and decorated with lanterns and colored streamers. Jiang Zemin, Li Peng, Hu Jintao, and other party and government leaders, responsible comrades of all central party, government, Army, and mass organizations; retired veteran comrades who have contributed to socialist revolution and construction, officials from the

democratic parties and patriotic figures without party affiliation, foreign friends who have helped China's socialist construction, and representatives from all walks of life in the capital—totaling some 4,000 people—attended the get-together. They exchanged festive greetings and celebrated the new year with jubilation.

Jiang Zemin officiated over the get-together and Li Peng made a speech. [Li Peng's remarks were excerpted out of first version published in the 10 February DAILY REPORT]

Li Peng said: The year 1993 was one in which we implemented in an all-round way the 14th National Party Congress guidelines and triumphantly marched along the path of building socialism with Chinese characteristics. We have made important achievements in reform, opening up, and the modernization drive. A new situation has emerged in all fields of work.

He pointed out: The year 1994 will be one in which the national economy will maintain its momentum of sound development. It will also be a year crucial to our efforts to push forward reform. We must take as our guide Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, implement in an all-round way the guidelines of the 14th National Party Congress and Third Plenary Session of the 14th CPC Central Committee, accelerate the establishment of a socialist market economic structure, maintain the sustained, rapid, and healthy development of the national economy; safeguard political stability, and promote social progress in an all-round way. He said: The main tasks of reform this year are: 1) to effectively organize the implementation of major measures for fiscal, taxation, financial, investment, and other reforms, and to establish and improve the system of macroeconomic regulation and control; 2) to continuously change the operating mechanisms of state-owned enterprises and to seek effective ways to establish a modern enterprise system meeting the requirements of the socialist market economy; and 3) to appropriately advance price reform after giving full consideration to the tolerance of the different sectors of society, and to develop and perfect the market system.

Li Peng emphasized: Seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability are the overall interests of the work of this year. All fields of work must be subordinated to and serve these interests. We should promote the reform of the economic structure during the rapid growth of the national economy; at the same time, we should also maintain the steady growth of the national economy during the transformation of the economic structure. Therefore, we must conscientiously and properly handle the relationship between reform, development, and stability. We should uphold the principle of "grasping two links at the same time and putting stress on both links." While concentrating our efforts on economic reform and development, we should continue to do a good job in strengthening the building of the CPC, and we should vigorously strengthen the building of socialist spiritual

civilization. We should develop socialist democracy, strengthen the legal system, deepen the anticorruption struggle, and effectively solve public-order problems in a comprehensive way to create a favorable environment for reform and development.

Li Peng said: Let us—guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and led by the party Central Committee with Comrade Jiang Zemin as the core—unswervingly implement the party's basic line, strengthen the great unity among all nationalities in the whole country, be of one heart and one mind, wage hard struggle, and strive for new victories in socialist modernization!

Leading comrades who were present at the gathering were Ding Guangen, Li Lanqing, Li Tieying, Yang Baibing, Zou Jiahua, Chen Xitong, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Song Ping, Song Renqiong, Zhang Zhen, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Wang Guangying, Cheng Siyuan, Lu Jiaxi, Buhe, Li Peiyao, Wu Jieping, Chi Haotian, Song Jian, Li Guixian, Chen Junsheng, Peng Peiyun, Luo Gan, Zhang Siqing, Wang Zhaoguo, Hong Xuezhi, Zhao Puchu, Qian Weichang, Hu Sheng, Qian Zheng, and Su Fuling.

Attending the gathering were also Wang Ping, Wang Shoudao, Li Desheng, Yang Dezhi, Zhang Jingfu, Chen Xilian, Duan Junyi, Geng Biao, Huang Hua, Yan Jici, Gu Mu, Ma Wenrui, Wang Enmao, Lu Zhengcao, and Yang Yichen.

Artistic performances were staged at the gathering.

#### Leaders Greet Old Comrades

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[Text] Beijing, 8 Feb (XINHUA)—Entrusted by the CPC Central Committee, leading comrades of the CPC Central Committee, the National People's Congress [NPC] Standing Committee, the State Council, and the National Committee of the Chinese People's Political Consultative Conference recently visited a group of veteran comrades on separate occasions to extend festive greetings to them.

On 7 February, Qian Qichen, Song Jian, Li Guixian, and Peng Peiyun separately visited Comrades Ji Pengfei and Huang Hua, while Li Lanqing, Li Tieying, Chen Junsheng, and Luo Gan visited Comrades Zhang Jingfu and Gu Mu.

On 1 February, Wen Jiabao visited Comrades Jiang Hua, Lu Dingyi, and Chen Pixian at the Beijing hospital. On 7 February, Ren Jianxin visited Comrades Huang Huoqing, Jiang Hua, Yang Yichen, Liu Fuzhi, and Zhen Tianxiang. Leading comrades of Guangdong and Fujian Provinces also respectively visited Comrades Xi Zhongxun and Peng Chong on behalf of the central general office.

On 21 January [as received], Tian Jiyun visited Comrades Yan Jici, Chu Tunan, and Zhu Xuefan. The NPC Standing Committee General Office entrusted leading comrades of the Shanghai Municipal NPC Standing Committee to visit Comrade Zhou Gucheng.

Recently, Ye Xuanping, Wu Xueqian, Wang Zhaoguo, Hong Xuezhi, Qian Zhengying visited Comrades Wang Shoudao, Lu Dingyi, Liu Lantao, Gu Mu, Ma Wenrui, Wang Enmao, and Wang Feng on separate occasions.

#### Qiao Shi Visits Hainan

HK1402032494 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 11 Feb 94

[Excerpts] Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the National People's Congress Standing Committee, is currently spending the Spring Festival with the cadres and masses in Hainan. He pointed out: In the New Year, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the people throughout the country will continue to implement all the policies and principles of the party Central Committee, and China will make greater progress in all trades and undertakings. On the Lunar New Year day, Qiao Shi went to a construction site to express his holiday greetings to engineers, technicians, and workers there. [passage omitted]

From [date indistinct] to 10 February, accompanied by provincial party Secretary Ruan Chongwu, Qiao Shi went to a development zone and a natural preservation zone to express his Lunar New Year greetings to the cadres and masses there. [words indistinct] He hoped that in the new situation Hainan will make greater progress in its work. During his visit to Hainan, Qiao Shi also participated in local Spring Festival parties.

#### Minister Discusses Cultural Structure Reform

HK0202132594 Beijing GUANGMING RIBAO in Chinese 21 Jan 94 p 1

[Interview with Minister of Culture Liu Zhongde by staff reporter Shen Weixing (3088 5898 2502); place and date not given: "Major Reform Will Be Made in Cultural Structure This Year"]

[Text] Beijing, 20 Jan (GUANGMING RIBAO)—Liu Zhongde, minister of culture, was interviewed by a staff reporter today on the direction of the reform of the cultural structure in the new year. Liu Zhongde stressed the necessity of increasing the intensity of reform of the cultural structure and to open up a new situation for cultural undertakings.

#### A Year in Which More Measures Will Be Taken in Reform of the Cultural Structure and the Intensity of Reform Will Be Greater Than Any Other Year

The reporter asked: "Is this year a year in which more reform measures will be taken by the Ministry of Culture



and the intensity of reform will be greater than any other year?" Liu Zhongde gave an affirmative reply. He said: The year 1994 is a crucial year for the comprehensive advancement of and for making key breakthroughs in reform of the economic structure in our country. This has made speeding up and deepening reform of the cultural structure even more pressing. Speeding up and deepening reform of the cultural structure is not only to meet the needs of the overall situation of reform of the economic structure, but also to meet the needs of invigorating and developing socialist literary and art undertakings. If we say our work in the past year was to make necessary discussions and preparations for speeding up and deepening reform, this year should then be a year for making greater progress and obtaining considerable results in reform.

He explained with examples that the internal organizational reform of cultural organs should be completed this year. Such reform includes changes in the functions of government work. This means the mode of management which is suited to the planned economy structure of the past should be shifted to the mode of management which is suited to the market economy structure. The leadership of cultural work should gradually change the practice of regarding micro management as the dominant factor to the practice of regarding macro management as the dominant factor, should concentrate major efforts on giving guidance in direction, grasping general quantity and quality, structure, and results, and should learn and master the comprehensive use of economic, legal, and administrative means and public opinion to guide the healthy development of cultural undertakings. Besides, this year we should also complete the structural reform of cultural institutions. Arts institutes and schools directly under the Ministry of Culture, for example, have already finalized reform plans and have started implementing such plans.

#### **Reform of Artistic Performance Organizations Is of Paramount Importance to Reform of the Cultural Structure**

When asked by the reporter the focus of the reform of the cultural structure this year, Minister Liu replied: It is the structural reform of performance organizations, including the structural reform of artistic institutions and troupes directly under the central authorities. Reform in this respect is of paramount importance to the entire reform of the cultural structure.

He said that in September last year, the Ministry of Culture issued a "Circular on Further Speeding Up and Deepening the Structural Reform of Artistic Performance Organizations," which put forward views on the reform of artistic performance organizations, including the general layout, the leadership and management structure, the personnel system, the wage system, the management in giving performances, and ideological and political work. This year, we want to advance reform in a big step forward and to earnestly make some achievements.

When the reporter asked Minister Liu to give details on the structural reform of organizations directly under the central authorities, he replied that we are concentrating our efforts on the reform of artistic institutions and troupes directly under the central authorities. This has been the key and difficult point in the reform of the literature and art structure for many years. At present, we are tackling substantive problems. We have specially grasped experiments on reform of the Central Philharmonic Orchestra, the Central Peking Opera Troupe, the Central Song and Dance Ensemble, and the Oriental and Song and Dance Ensemble. The leading group for the reform of artistic performance organizations directly under the central authorities set up last year has today put forward macro views on and key operational points for the present stage of the structural reform and they will be published after discussion and approval.

Here, the targeted mode of reform is to concentrate efforts on properly running troupes which represent the national artistic level, and, on the basis of making a scientific assessment, improving the structure and personnel and pulling together the strong points in terms of personnel, finance, and materials to make general and rational readjustments of the existing layout of institutions and troupes directly under the central authorities.

To be specific, we shall establish a performance mechanism with the help of the government and performance subsidies as the center and this will effectively put an end to the "big pot" way of distribution which makes no difference between those who work and those who do not work and between those who work well and those who do not. This will not be the same as what some people said: Reform is simply to increase the income of personnel who give performance; and without much money, people can eat from "the same big pot," and with much money, people can still eat from "the same big pot." The reform in the latter aspect is even more difficult. At present, some artistic organizations cannot continue to exist even if the planned economy structure remained unchanged, and much less can they keep abreast of the market economy structure. Regarding traditional, national, refined literary and art organizations which represent the national level, the state will focus its support on them through increasing state input and social sponsorship to enhance their improvement and development. In this respect, it is necessary to establish, through this reform, a long-term, steady, and reliable material guarantee channel and to thoroughly change the situation in which such organizations are like beggars and can give performance only when they have secured some money.

The concrete operation will also include the establishment of a personnel system which takes contract appointment as the center and the ministry will help solve the problem of where to go for various kinds of artistic personnel who are not employed, who are waiting for employment, or who have been dismissed after the sizes, posts, and personnel of institutions and troupes directly under the central authorities have been fixed.

We shall adopt the method of dynamic separation centering round artistic production. To be specific, various institutions and troupes will organize the artistic creation and production of a number of plays and programs this year and in the course of making preparations for such plays and programs, it is necessary to boldly adopt a new management structure, sign contracts with those who are needed by the artistic production, put them in positions by appointment, and carry out dynamic separation in the course of artistic production. This shows that the intensity of reform here is quite great. However, it will totally get rid of the long-standing drawbacks of artistic institutions and troupes directly under the central authorities, be conducive to the establishment of a set of new and vigorous operational mechanism, bring about artistic vitality, increase the ability to compete in the market, set the institutions and troupes as examples, and give impetus to the reform of artistic performance organizations across the country.

**The Spiritual Loss of Cultural Workers and the Decline in the Quality of Cultural Products Should Not be the Cost of Reform**

Liu Zhongde also mentioned that following the increase in intensity in the reform of cultural structure, the difficulty in reform will also increase correspondingly. We should not expect to accomplish the whole task at one stroke, but should advance in an orderly manner, step by step, and with emphasis on some points. We have just started the major task of establishing a cultural structure which is in keeping with the socialist market economy structure. Therefore, regarding the reform, we should not hesitate, but should tackle problems with a sense of undertaking a historical mission and properly carry out the reform. Only in this way is there hope for cultural undertakings. To accomplish this mission of the times, cultural cadres at all levels and the broad masses of literary and art workers should first of all have a good mental state and should be able to correctly handle contradictions between the individual and the collective, the individual and the undertaking, and the present and the future which they meet with in the course of reform. Without the mental state of forging ahead despite difficulty, it will be difficult to persist in reform.

Liu Zhongde pointed out that to test whether or not the reform of the cultural structure is successful, it is necessary to see whether or not the reform is conducive to three things, that is, to fully arousing and giving play to the enthusiasm and creativity of the broad masses of literary and art workers, to producing products and talented people, bringing about flourishing socialist cultural undertakings, and meeting the people's growing needs in cultural life, and to promoting economic development and comprehensive progress of the society. Therefore, this reform should bring about new development and a new situation in cultural undertakings instead of bring chaos to cultural work. The spiritual loss of cultural workers and the decline of the quality of cultural products should not be the cost of reform. This does not conform with the law of development of culture

and art and we should pay attention to this question. The central authorities have attached great importance to, and shown great concern about, cultural work at present, including the reform of the cultural structure, exercised effective leadership, given effective guidance, implemented clear-cut policies and principles, and won the people's full support. Our work is precisely being carried out under such concrete guidance.

**Hong Kong's CHING PAO Views PRC Reform**

*HK0802150794 Hong Kong CHING PAO in Chinese  
No 2, 5 Feb 94 pp 40-44*

[By Li Feng (7812 1496): "Deng Xiaoping Praises the '50 Measures' Fixed By Third Plenary session of the Central Committee and Once Again Stresses the Need To Grasp the Opportune Moment for 'Accelerating Development'"—passages within slantlines published in bold-face]

[Text] The economic development was, indeed, not bad in mainland China last year, registering a 13.5 percent growth and reaching the highest level so far in the 1990's. During the second half of last year, monetary order was rectified, macroeconomic regulation and control was intensified, and the "Decisions on Several Issues Regarding the Establishment of a Socialist Market Economic Structure" (the "50 Measures") were adopted at the Third Plenary Session of the 14th CPC Central Committee. These have exerted, and will continue to exert, a relatively positive impact on mainland China's economic development. In particular, the "50 Measures" adopted by the Third Plenary Session of the 14th CPC Central Committee can be called a programmatic document for mainland China to eventually realize the transition from a planned to a market economy.

The outline of the basic ideas in this document was sketched out in 1988 when Zhao Ziyang was in power. Had it not been for the strong opposition from the conservative forces within and outside the party, and the backward forces in society at that time, against the mainland's economic structural reform, and the structural reform of prices in particular, these measures might have been introduced then and put into practice. It is a good thing that the work has begun after all, although it has been put off for four or five years. Moreover, judging from the systematic, comprehensive, and manipulative character of the document, the ideas in it are more mature than those in 1988; the fundamental tenets of the "market economy" have been more prominently stressed and defined. No doubt this marks a major historic advance in China.

**Deng Xiaoping Spoke Highly of the Creativity of the Decisions Adopted at the Plenary Session**

Deng Xiaoping himself was very pleased at this. At the time when Volume 3 of the *Selected Works of Deng Xiaoping* was published in the middle of November last year, just before the Third Plenary Session of the 14th



CPC Central Committee was held, Deng Xiaoping particularly pointed out: "The general guiding principle of this book lies in my speeches made during the south China tour at the beginning of last year (1992), in which I expressed some ideas on how to understand socialism and how to build socialism with Chinese characteristics. There was something new in them and some improvements had been made. The document adopted at the Third Plenary Session of the 14th CPC Central Committee coincides with the meanings of my abovementioned speeches. It contains some new expressions that are not mine. This is very good, for this is creativity and development. If an idea or a concept can be proved in practice and further elaborated and developed, then it will have vitality and win support from the people. If we persistently follow this road and discover the law, the overall situation will not be hampered no matter whether someone is still alive or not and whether someone is in power or not. When this law works, the general direction will not be changed. I am most happy about this."

#### **Deng Xiaoping Places Hopes on Shanghai for Another Great Leap Forward**

Deng Xiaoping has been in high spirits recently. A short time ago, when accompanied by someone in his car driving along the Beijing Airport Expressway and the newly built Dongsanhuan Lu Bridge, he praised Beijing for "having a new atmosphere every year, which is very exciting." Recently, Deng went to Shanghai with his family for the Spring Festival there. Accompanied by his beloved daughter Mao Mao, he inspected the magnificent Yangpu Bridge on 13 December last year. Deng showed a special feeling for Shanghai when he said: "Shanghai is a place of blessing in China. People of our generation started a revolution in Shanghai at that time. Now, the development of China also needs another great leap forward that should start again from Shanghai. I have placed high hopes in Shanghai. Whether the work in Shanghai is well performed or not next year (1994) will have a bearing on the overall situation, so this step in the chess game must be made appropriately."

#### **Deng Xiaoping Once Again Stresses Faster Development**

Deng Xiaoping also stressed recently: "I think the last few years of the 20th century will be very advantageous to China. Many developing countries and regions all have a history of sustained economic growth for two or three decades. Will China be able to do the same? I think it is full of hope. Counting from 1980, we have only developed for a dozen years now. The comprehensive national strength has been augmented because we have chosen a correct path and the international climate is also favorable. These are basic conditions. Of course, we also have quite a few knotty problems. However, when we advance rapidly, we have more ways of solving these problems. That is why I feel that we must not slow down in the next few years. We must solve our problems in the course of development and spur development in the course of reform. We need not listen to some people's arguments

abroad because they do not want to see a powerful China. They have failed to boost their economies, which has precisely offered us an opportunity. All countries are advancing and there is competition among them. Hence, we will suffer losses if the opportunity is seized by others. The problems with which China is now faced include a large population, the still unsteady position of agriculture as a foundation, and the still poor performance of most state-owned enterprises, which we must not treat lightly. We must take firm hold of these important matters which have a bearing on the overall situation and strive to make some new changes every year. In short, I am full of confidence."

#### **Is a Growth Rate of 9 Percent Appropriate?**

Will the mainland's economy continue to grow at the same high rate as last year? Will the economic structural reform which is being carried out on a large scale, go on smoothly? Everyone is following these two major issues with interest. In analyzing these issues, we may find the following phenomena worthy of further exploration.

**The problem of inflation.** By October last year, the mainland's retail price index had risen by 14.5 percent, the index of residents' living expenses in 35 large and medium cities had risen by 20.1 percent, and the prices of daily necessities and labor services had increased by even larger margins. This year, as the prices of key industries and products such as petroleum oil, coal, communications, electricity, and so on will be raised successively, they will certainly bring about price rises in consumer goods and the agricultural means of production. As control on grain prices has been lifted and the price scissors of industrial and agricultural products has been gradually narrowed, the prices of essential consumer goods for daily life, such as grain, meat, poultry, eggs, vegetables, among other things will also rise substantially. Last September, the mainland's credit again showed an excessively rapid growth rate when the government injected credit funds into the economy to alleviate the problem of insolvency with which enterprises were universally confronted. The domestic credit, was increased on the mainland by a total of 199.5 billion yuan in the first nine months of last year. Of this, the September increase alone was 53.3 billion yuan with the growth rate reaching 26.7 percent. Among these increased credits, nearly three-quarters were used to meet enterprises' demands for circulating funds. In October, the government once again injected approximately 80 billion yuan as credit funds to satisfy the requirements for circulating funds. The credit growth contributed to the growth in money supply. As mainland economists pointed out, the experience of inflation in 1988 has proved that the growth in money supply has a notable impact on inflation and inflation comes after a growth in money supply. Therefore, the inflation triggered by the mainland money supply due to credit growth will be reflected on a large scale around March this year. By that time, the economic life on the mainland will very probably be in the situation where the economy will operate very rapidly as it did last June and,



at the same time, inflation will pick up sharply. This will certainly bring about a rather unfavorable impact on the mainland's large-scale economic structural reform and its efforts to seek rapid economic development this year. When inflation reaches the limit of social and people's tolerance, it will inevitably give rise to social disturbances, about which the CPC hierarchy has been much worried. This is a matter to which people cannot help but pay special attention.

It is said that there are different views in economic circles on the question of how rapidly the economy should grow this year. Even though the CPC hierarchy has recently determined that the economy should grow at 9 percent this year, some mainland economists still maintain that 7 to 8 percent will be more suitable because, if the monetary policy is relaxed too early, the positive results yielded by the measures taken since last July to rectify monetary order, intensify macroeconomic regulation and control, stabilize the economy, check inflation, and so on may be disrupted and high inflation may emerge again. This means that still more stringent measures must be adopted in the future to restore monetary order and stabilize the economy, so that the national economy will not once again fall into a vicious cycle of big ups and downs. Moreover, the rapid economic growth propped up by increased money supply will only retard the change from the old structure to the new and lead to a massive waste of natural resources and a confused condition in the economic sphere.

However, there is very strong pressure from the governments of various localities on the mainland. They are calling for rapid growth and for the central authorities to ease credits and enlarge the scope of input and those advocating accelerating both reform and development simultaneously have got the upper hand. Under these circumstances, the CPC hierarchy has won the support and confidence of governments in various localities and is willing to adopt a compliant attitude in exchange for their recognition of the central authority. In addition, Deng Xiaoping's recently repeated emphasis on a faster growth is also a principle that the CPC hierarchy should follow in determining this year's growth rate. At present, as regards the policy of tightening currency, the CPC hierarchy has tried its best to avoid some expressions which have been used since last July. This signifies that it has put more stress on the policy idea of an "accelerated development." Perhaps after March or April this year, there will be some indications concerning the actual effect that this policy tendency will produce. The mainland's economic circles predict that if this year's credit and money placement are arranged in line with the growth rate of 9 percent, the "policy of tightening up money supply" may be abandoned and inflation will continue to pick up. The soaring prices of consumer goods in various large cities on the mainland a short time ago were a signal of that.

#### Agriculture Faces Two Major Tough Problems

**The problems in agriculture.** The problem of "issuing IOU notes" which emerged universally in rural areas in 1992, has hurt peasants and encroached on their interests. Last year, the CPC hierarchy adopted some measures and reaped certain positive results. However, the rapid industrial growth and the chaotic monetary order on the mainland last year caused a substantial amount of funds to transfer from agriculture to nonagriculture, so that "intensifying the position of agriculture as a foundation" became "empty talk" to a considerable extent. Last year, the output of several major agricultural products was lower than in 1992 and the condition that agricultural growth was not coordinated with industrial growth further deteriorated. Hence, insufficient supplies of agricultural products will be fully exposed this year.

Today, there are two major problems which face agriculture. One is that peasants' income has been continuously declining over the past few years and the sustained growth of peasants' income of the early 1980's no longer exists. High inflation, high production costs, large amounts of fundraising, and large amounts of apportionment have become onerous burdens which the peasants are unable to bear and the reduction of agricultural income has dampened peasants' enthusiasm in farming, year after year. The mainland's economic reform started from the rural areas but the reform measures which have been introduced since the late 1980's have not brought many substantive benefits to the peasants or to the rural economy. While the market economy is eliminating backward rural production modes, peasants have not generally benefited from this and their participation in the large-scale socialized production system will inevitably cause a considerable number of them to pay the price of becoming relatively poor. As peasants on the mainland number 800 million, any proportion of them being reduced to poverty will bring a powerful onslaught on social, political, and economic lives throughout the country. Therefore, in the reform process to establish a market economy, how to diminish this degree of poverty in the best possible way and enable the vast numbers of peasants to gradually adapt themselves to the requirements of the economic transformation and universally benefit from the reform, is a very tough problem. Due to the constant decline in their income over the past few years, peasants have not been as "temperate, kind, courteous, and obedient" as they once were. Since last year, several dozen incidents of violent protest have occurred in various rural areas. In some areas, such as Renshou County in Sichuan Province, the peasants' protest was staged on a very large scale. These phenomena merit the CPC hierarchy's serious attention.

Another major problem in agriculture is the outlet for a large number of surplus laborers. According to a survey, the surplus labor power in rural areas now numbers approximately 110 million, about 80 percent of whom have quit the rural areas and formed an enormous "floating population" moving here and there all over the country. As viewed from a positive angle, this huge

"floating population" has provided the economic growth in the developed regions with affluent resources of labor power. Taken from a negative angle, however, the "floating population" has exerted great pressure on maintaining social order and stability. According to the economic development level on the mainland at present, only 30 to 40 percent of the rural surplus labor power can find jobs (including those absorbed by township and town enterprises). The rest of them mostly do not have a way out. Today, it is a general phenomenon in rural areas that only the old, underaged, weak, and female residents remain in the fields, while the able and strong laborers are unwilling to do farm work. How can this situation not cripple agriculture as a foundation? In this connection, many economists have reminded the CPC hierarchy of the necessity to seriously handle the agricultural problem and to introduce policies and measures like those in the 1980's to effect a major breakthrough in the 1990's so as to reverse the increasingly backward agricultural conditions in China.

#### **Reasons Why the Campaign Against Corruption Cannot Be Carried Out Thoroughly**

**The corruption issue.** In a bid to overcome the constantly spreading corrupt phenomena among government officials, the CPC hierarchy has made a series of arrangements and adopted a number of measures since last August; the understanding of the corruption problem has been deepened and considerably greater attention has been paid to it, in attitude at least, because the hierarchy does not feel as shy or that it is necessary to cover it up now as it did before. But, what are the actual results? More than six months have passed and it should be admitted that there is still a big gap between the achievements and the expectations of the people at the beginning of the campaign. Many "major and serious" cases of corruption, which have been exposed and brought to light, could not be handled smoothly and had to be laid aside, to say nothing of those that have been covered up, evaded, or ignored.

There are two basic systems responsible for handling the corrupt cases—the public security organs, procuratorial organs, and people's courts outside the party; and the departments for discipline inspection within the party. The way of handling cases by both systems is of a closed nature, with different criteria and methods, but with identical practice—details may or may not be made public to the people in society. Both systems work "under the unified leadership of the party" and the views of party committees have the functions of "final adjudication." It is very difficult to guarantee the fair and legal handling of the corrupt problems in this way. In addition, the CPC's basic consideration for handling the corrupt problems is "stability." It will only act if things are beneficial to stability so it cannot really "act in accordance with the law."

Moreover, the mainland's current economic structure is a "mixture" of power economy plus market economy. The rationality and irrationality of bartering money for

power are mutually complementary and can be proved using two different rules, hence, it is not so easy to determine which is legal and which is illegal. It has been reported that there was also such a problem in handling the swindling case of the "Great Wall Machinery and Electrical Appliances," which was ferreted out last June. Some senior officials involved in the case were able to prove that their conduct was "legal" by invoking relevant legal provisions, while they were proved "guilty" according to relevant policies and stipulations promulgated within the party. The "two contradictory laws" have deferred the handling of the case even after stalling for a long time. That is why relevant personalities in legal circles, who were acquainted with the details of the case, pointed out that the conflict between "policy" and "law" is an inevitable product in countries ruled by a single party. Under the conditions that the party alone has been in power for a long time, the ruling party need not and cannot formulate laws which it has an obligation to abide by and comply with. Its basic point of departure in formulating laws is to safeguard the ruling position of the party. When the general applicability of the laws affects its ruling interests, the laws must make way for its policies. The existing Chinese Constitution makes definite stipulations on "upholding the four cardinal principles," the first principle of which is to "uphold the CPC's leadership." This stipulation is binding on various social strata but it is only a "safeguarding force" rather than a binding force on the CPC itself. In this regard, as viewed from the angle of "binding," the whole Constitution has no effect on the CPC—the only party in power and no political forces in the entire mainland society can supervise and standardize the CPC's political conduct with this Constitution. Perhaps this is a fundamental reason that the CPC is unable to depend on laws to overcome its own corrupt phenomena.

This year, the CPC will carry out large-scale reform in the economic area. One of its main ideas is to change the "dual" structure of "power plus market." Originally, this can be regarded as a fundamental measure to stop officials from seeking economic interests by abuse of powers. However, people are in doubt—to what extent will government officials at various levels, who have gained enormous interests in the "dual" structure of "power plus market," support and welcome this kind of reform? In the change and transformation from a "double-track" structure to a "single-track" structure, how many illegal interests will be transformed into legal interests? These problems can constitute a major obstacle to the large-scale reform of the economic structure. A phenomenon which merits people's attention is that the ultra-leftist and conservative forces within the CPC are particularly active in the anticorruption campaign. However, it was precisely these people who reaped exorbitant profits in the "double-track system." This group of people could not accept the market economy but they would accept the economy of "power plus market." One of their principal objectives in performing actively in the anticorruption campaign was to safeguard the "power plus market" economic structure



because, by so doing, they could have the grounds for maintaining their "planned control" over the economic life and, simultaneously, have the means for seeking personal benefits from the market. They took advantage of the anticorruption campaign to prove that the CPC was capable of exercising self-discipline to work honestly, so they must wield the power of direct intervention in the economic life. Such political intentions of the CPC's ultra-leftist and conservative forces should be detected and exposed to prevent them from turning the anticorruption campaign into an antireform political action.

#### **Stability Can Hardly Be Effected by Exercising Control**

**The stability issue.** To the CPC hierarchy, the maintenance of political stability is a matter of paramount importance. The CPC Central Committee Political Bureau Standing Committee specially held an enlarged meeting at the end of last year to discuss this issue and make decisions. The meeting stressed that the first task of maintaining stability is to "resolutely suppress and crack down on various kinds of antirevolutionary activities conducted by the antagonistic forces at home and abroad and particular attention should be paid to cracking down on those organized political opposition activities." Another task is to effectively grasp and control the press, cultural, and propaganda departments, to stress the "theory of building socialism with Chinese characteristics, the party's basic line, and the themes of patriotism, collectivism, socialism, and traditional virtues of the Chinese nation," and to ban the words and deeds regarding bourgeois liberalization, extreme individualism, hedonism, and money worship from appearing in any form in news reporting and propaganda material. According to this strategy, relevant departments have adopted tight and stringent measures to control political, cultural, press, propaganda, and other areas. The censorship in films, press, and publication has been intensified, and almost every month the CPC Central Committee Propaganda Department issues directives that articles concerning such and such films, performers, news themes, books, periodicals, and authors "must not be reported and propagated," or "must be criticized," or "must be ordered to suspend publication and make self examination." The Central Propaganda Department also stipulated that various major newspapers, broadcasting stations, and television stations at the central level "must submit their plans for news reporting and theme selection" and "must refrain from presumptuously publishing reports not included for selection" on a regular basis. Personalities from mainland press and cultural circles have a common feeling: "The control of press and culture at present is nearly the same as that during the decade of the 'Cultural Revolution.'" Today, press and publications are flooded with illogical, undemonstrable, and unconvincing reports and articles which are simply dull preaching full of outmoded ideology. The people's voices, thoughts, and views are nowhere to be heard or seen and there are terribly few articles with insight and of good quality

which can help people understand important international and domestic events. In short, there are no academic contentions, free discussions, criticism on work errors of government officials, or news reports which the masses wish to know in the press. However, such an inanimate and lifeless atmosphere of propaganda and public opinion is eulogized as the "press opinion exercising leadership over social opinion and being higher than social opinion."

Relevant departments maintain that only by strictly controlling political, cultural, press, and other areas can political and social stability be guaranteed on the mainland. They do not understand that the multiple public interests, the diversified social life, and the wider openness brought by the mainland's economic structural reform can no longer be accepted and controlled by centralized politics and "unified opinion." A major contradiction, brought about by the authorities in pushing forward the economic structural reform through the traditional political structure and opinion control mode, has blocked and cut off the channels and bridges of exchange and linkage that promote the understanding between the officials and the ordinary people, so that the ability of the ruling party and government to respond to social changes and demands has become less flexible and they are unable to obtain understanding and support from the people when the economic reform meets with difficulties and obstacles. What is more, social contradictions will be sharpened and social unrest will be triggered off. The 4 June incident in 1989 did not occur because the political structural reform took the lead and the CPC's authority declined but because the reform lagged behind and even retrogressed. In summing up lessons after the 4 June incident, someone from the CPC hierarchy maintained that bourgeois liberalization had crippled the CPC's leadership. Hence, only by opposing "liberalization" can the CPC's ruling position be solidified. Since the coup d'etat in the Soviet Union on 19 August 1991, the CPC hierarchy, led by Deng Xiaoping, has acquired a new understanding of the above conclusion and believes that "China will come to a blind alley unless it persists in reform and opening up." Afterward, it came to realize the "necessity to maintain vigilance against the right tendencies but primarily guarding against the 'left' tendencies because the latter is also a major cause of weakening the ruling position of the Communist Party. However, this understanding only remains in stressing the "need to further carry out economic structural reform" and the CPC, by and large, sticks to the previous traditional concept with regard to the political structural reform. This is shown in the wording about the political structural reform written in the "Decisions" adopted at the Third Plenary Session of the 14th CPC Central Committee.

#### **Constructive Remarks of Mainland People of Insight**

Mainland people of insight point out: The general mood of the authorities has fallen into an erroneous sphere. On the mainland, the broad masses' support given to the CPC has, on the whole, not been changed (given the



numerous complaints and dissatisfaction) because the people are clear that the CPC has performed meritorious deeds over the past few years, as they have benefited from reform and opening up. There are no other political forces in China that are able and qualified to replace the CPC. The CPC should have confidence in this. However, the CPC should also understand that it should not just rely on unflinchingly pushing forward the economic reform to enhance and consolidate its ruling position but should also rely on unflinchingly pushing forward the political reform, as this is a basic condition to ensure that the people will make concerted efforts with the ruling party to maintain basic social stability. To have a democratic political advantage is more conducive to maintaining the CPC's ruling position and the stability of the country than to have its "traditional political advantage." The establishment of a democratic political structure is also of great benefit to the ruling party in developing and fostering new political resources for use by itself. The people's expression of support for and participation in the political activities of the ruling party through various forms of democratic politics will have a greater political cohesiveness than the mere instillation of the "loyalty awareness" into the people. It is hoped that the CPC hierarchy will give careful consideration to these constructive remarks.

#### Official Interviewed on Public Security

OW0602075294 Beijing BAN YUE TAN in Chinese No. 1, 10 Jan 94 pp 21, 22

["Exclusive" interview with Shu Huaide, director of the Office of the Central Committee for the Comprehensive Management of Public Security, by staff reporter Zhao Haibo (6392 3189 3134); place and date not given: "Talking About Long-Term Stability at the Beginning of the New Year"—first paragraph is BAN YUE TAN introduction]

[Text] The towering and grand economic mansion was built on the social foundations of national prosperity and public order. The year 1994 is very important and crucial for our country's efforts to deepen reform. The introduction of successive major reform measures, such as those designed to establish a market system and a macroeconomic regulatory and control system, will lead to some new contradictions and problems. How do we guard against danger while living in peace and take precautions to maintain a stable public order? At the beginning of the new year, this reporter interviewed Shu Huaide, secretary general of the Central Commission on Politics and Law and director of the Office of the Central Committee for the Comprehensive Management of Public Security [CCCMPS].

[Zhao Haibo] Public order is currently one of the topics of great concern to the people. The central authorities have always considered this issue important and have tried to solve it by every possible means. Would you please discuss the situation in this respect?

[Shu Huaide] Generally speaking, our country enjoys a stable public order. This is primarily determined by nationwide political stability and economic development. However, it cannot be separated from the attention devoted to the comprehensive management of public security by the party Central Committee, the State Council, and party committees and governments at all levels. As pointed out by a leading central comrade last July, "public order problems could have been more serious had we not made relentless efforts to manage public security comprehensively."

To be sure, we cannot be optimistic about the current state of public order. Public order in some areas is indeed very bad. For instance, robberies are on the increase, highway and railway bandits are running wild, hooligans and evil forces in some villages and small towns are running rampant in their neighborhoods and are riding roughshod over the people, illegal criminal activities such as plundering and stealing state assets are increasing in oil fields, in mining areas, and along traffic routes; and social ills such as prostitution, patronizing prostitutes, drug abuse, and gambling persist despite repeated efforts to ban them. In light of these salient public order problems, the CCCMPS successively arranged four special struggles against "theft," "highway and railway bandits," "prostitution and patronizing prostitutes," and the "abduction and sale of women and children." These struggles have yielded results for the time being thanks to the vigorous support of leaders of party committees and governments at all levels and the broad masses of the people. Specifically, the struggle against highway and railway bandits launched nationwide since last March has produced remarkable results, thereby winning favorable comment from all sectors of society and from the people.

[Zhao] It has become a common public understanding that public security should be managed comprehensively. Nevertheless, people in some areas often do not assume responsibility although they want a piece of the cake. How should we change this situation?

[Shu] The key lies in instituting a type of mechanism consisting of incentives and restraints by which the responsibility for maintaining political stability and public order will be genuinely devolved to all departments, units, and individuals. Last November, the CCCMPS, in conjunction with the Central Discipline Inspection Commission, the CPC Central Committee's Organization Department, the Ministry of Personnel, and the Ministry of Supervision, formulated "Several Provisions Regarding the Implementation of a Leadership Responsibility System for the Comprehensive Management of Public Security," which established, as one of the goals for leading party and government cadres at all levels during their tenures, the comprehensive management of public security to ensure safety in all quarters, and which specified this as a criterion for evaluating job performance and for deciding on promotions, rewards, and disciplinary actions. The CCCMPS recently jointly issued a document with the relevant central departments

specifying that individuals named as advanced persons in the national drive for the comprehensive management of public security may enjoy treatment comparable to that of provincial- or ministerial-level model workers. As its next step, the CCCMPS plans to study and formulate laws and regulations governing the comprehensive management of public security in an attempt to define in legal form the responsibility of units and citizens for maintaining public order.

[Zhao] What are the key tasks in comprehensive management of public security in 1994?

[Shu] The gradual establishment of a socialist market economic system and the deepening of reform in the new year will lead to more complex conditions and heavier burdens in the arena of public order. We must further strengthen comprehensive management without slackening our efforts in the least.

While we have a great deal of work to do in 1994, we should focus on the following six tasks: 1) We should firmly implement the leadership responsibility system for comprehensive management of public security, further heighten the sense of political responsibility for "ensuring safety in all quarters" among party and government leaders at all levels as well as among all relevant departments, and strengthen the concept of duty among cadres and people which says "maintaining public order is the duty of everybody." 2) We should continue our focused management approach. We should take account of reality, pay full heed to popular demands, and focus on improving outstanding public order problems and on areas where public order is bad. For instance, in the cities we should first improve chaotic public order in places where the public mingles haphazardly—such as train stations, wharves, cultural and recreational facilities, and large country fairs. We should focus on battling illegal criminal activities which disrupt public order—such as theft, robbery, prostitution, patronage of prostitutes, the dissemination of obscene articles, and market manipulation. 3) We should work hard to solve public order problems in rural areas, relentlessly fight against various hooligans and evil forces, further strengthen primary party and government organizations, and solidify mass prevention and management teams. 4) We should strengthen education of the legal system among young people, especially among middle-school students. 5) We should resettle, assist, and educate people who are released upon completing their prison terms or who are discharged from education through labor programs. We should marshal resources in all sectors of society to create broad avenues of employment, and should implement responsibility systems and measures for providing assistance and education. 6) We should intensify efforts to publicize the need for comprehensive management of public security, and should galvanize more cadres, workers, staff members, and people into conscientiously participating in comprehensive management.

Comprehensive management of public security is the fundamental solution to our country's public order problems, and it will play an increasingly important role in maintaining political stability and public order. I am confident it is entirely possible to foster long-term social stability in our country if we firmly implement various measures of comprehensively managing public security and if we maintain the current favorable state of political and social stability under the guidance of the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the direct leadership of the party Central Committee with Comrade Jiang Zemin at the core.

#### **Crime and Punishment in the PRC for 1-15 Dec HK1512114093**

[Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencings, and other judicial-related activities in the PRC monitored by Hong Kong Bureau during the period from 1 to 15 December. The source and mode of processing are given in parentheses at the end of each entry.

As evidenced by the stories below, during the period under review PRC crime reportage continued to focus mainly on corruption.

#### **Provincial**

##### **Beijing**

Public security organs continued their campaign to crush criminal gangs and maintain law and order in the capital. Beijing Municipal Public Security Bureau has crushed more than 100 syndicates, arrested over 1,000 people, cracked 900 cases, and recovered stolen money and goods totaling 710,000 yuan. (Beijing RENMIN RIBAO in Chinese 2 Dec 93)

##### **Guangdong**

From August to October 1993, Guangzhou City Discipline Inspection Commission, helped by inspection and procuratorial organs, investigated and cracked a total of 113 major and serious economic crime cases. Of these, 76 have been handled and 76 people have been disciplined by party or government organs. (Guangzhou Guangdong People's Radio in Mandarin 0400 GMT 4 Dec 93)

On 30 November, Guangzhou's Haizhu and Huangpu Districts, Huadu City, and Conghua County held rallies to hand down severe punishments on criminals guilty of theft. Ten criminals charged with serious crimes were sentenced to death and executed, including Jian Suisheng who was recently released from reeducation through labor. (Guangzhou NANFANG RIBAO in Chinese 1 Dec 93)

Since April this year, Guangdong Public Security Department has mounted a campaign against counterfeit license plates, driver's permits, and driver's licenses. To date, eight gangs have been smashed, 99 people arrested,

and 2,900 fake items have been confiscated. (Beijing ZHONGGUO XINWEN SHE in Chinese 1131 GMT 9 Dec)

Guangdong Provincial Public Security Department recently commended Zhaoqing City Public Security Bureau for capturing a drug trafficking gang headed by Pan Durong and Chen Qiaoke. Also arrested were 26 drug traffickers from Luoding, Yunnand, Guangxi, and Hong Kong, seizing 17.45 kg of No. 4 heroin and illicit money totaling 1.1 million yuan. This is the most serious case of drug trafficking in Zhaoqing City since liberation. (Guangzhou Guangdong People's Radio in Mandarin 1000 GMT 10 Dec 93)

Thirty-six courts in Guangdong Province held sentencing rallies on 14 December to deal with 100 economic criminals. Nine people were sentenced to death, 10 were sentenced to death with a two-year reprieve, eight received life terms, and 65 got five years or longer. One of those executed was a Macao resident, He Gen who was convicted of forging documents to defraud the Foshan branch of the Construction Bank of over 2 million yuan (\$360,000) and of falsifying bank documents to reap 2.48 million yuan in public funds. (Beijing ZHONGGUO XINWEN SHE in English 1402 GMT 14 Dec 93)

#### Guangxi

Since launching a strike against drug trafficking and firearms smuggling in July Guangxi has handled over 1,000 such cases. Some 190 drug rings have been broken up, 1,400 suspects arrested, and 270 kg of opium and 60 kg of heroin with a total value of 1.2 million yuan have been seized. Since the Yunnan authorities stepped up their efforts against drug trafficking, Guangxi has become a popular entry point for drug and gun runners. The director of the Guangxi Department of Public Security, Mr Lin Chaoqun, has vowed to spare no effort in cutting off supplies of drugs and firearms. (Beijing ZHONGGUO XINWEN SHE in English 1428 GMT 2 Dec 93)

The Intermediate People's Courts in Nanning, Liuzhou, and Wuzhou Cities, and in Yulin and Baise Prefectures, held simultaneous sentencing rallies on 5 December. A total of 13 people convicted of drug-related offences were sentenced to death and executed with a bullet to the head. From 1991 to October 1993 courts at all levels in Guangxi have handled 367 drug-related cases, sentencing 843 convicted people. (Nanning Guangxi People's Radio in Mandarin 1130 GMT 11 Dec 93)

#### Hubei

A recent provincial meeting on cracking major cases, curbing criminal gangs, tracing fugitives, and preventing crime was told that all levels of public security in Hubei have achieved marked results implementing the severe crackdown. From January to October this year, over 57,000 criminal cases of all kinds were uncovered, 12,000 of which were major ones, and 3,800 fugitives

were captured, of whom 300 were gang leaders or key gang members. Despite this, there are still many prominent problems in Hubei's social order and the provincial public security department has decided to continue the severe crackdown. (Wuhan Hubei People's Radio in Mandarin 1000 GMT 5 Dec 93)

#### Liaoning

People's Bank of China official, Liu Yuyong, was arrested in Shenyang 27 November on charges of stealing 2.475 million yuan. The former deputy head of the issuing section of the bank's Ulanhot City, Inner Mongolia, branch Liu put one-yuan notes in boxes which should have contained 100-yuan notes. On 3 November he requested leave to attend a funeral in Hebei but went to Shenyang where he bought an apartment and intended to live in seclusion after having plastic surgery. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0924 GMT 5 Dec 93) Shaanxi

A BAOJI RIBAO report says that from January to October this year, discipline inspection institutions in Baoji City received 1,382 crime reports from the masses, of which 568 were directly handled by the city discipline inspection commission and supervisory bureau and 174 are now being investigated. A total of 143 party-member cadres were dealt with for violations of discipline. From January to November, supervisory institutions in the city received and handled 282 crime reports, of which 146 were put on file for investigation and involved 181 people. So far, 28 criminals have been arrested. (Xian Shaanxi People's Radio in Mandarin 0500 GMT 11 Dec 93)

SHAANXI RIBAO reports that Shaanxi law and discipline enforcement, administrative, and supervisory departments have investigated and handled a total of 902 major and serious corruption cases and settled a total of 34,160 complaint cases. A total of 1,493 party and government cadres have been disciplined, of whom two were at provincial department or bureau level and 28 at county or provincial department section level. Seventy-three corrupt cadres have been handed over to provincial judicial organs at all levels for punishment. From January to October the province's procuratorial organs accepted and heard a total of 2,264 cases of economic crimes; placed on file for investigation and prosecution a total of 1,158 cases of economic crimes, of which 608 involved embezzlement or bribery; and wound up a total of 572 cases with the result that some 11.15 million yuan of economic losses were recovered. During the same period provincial courts tried a total of 1,107 cases of economic crimes and wound up 1,029 cases involving a total of 99 government officials. (Xian Shaanxi People's Radio in Mandarin 0500 GMT 9 Dec 93)

#### Yunnan

On 18 November, Yang Ming, deputy director of provincial public security department, announced that in a



special operation against drugs and firearms smuggling, a total of 1,387 criminal cases of various kinds were solved, including nine involving firearms, 239 drug trafficking cases, and 1,130 others. A total of 3,384 offenders were arrested and 156 criminal syndicates involving 607 people were ferreted out. To date, 2,582 of the offenders have been punished or handled in accordance with the law and over 2.16 million yuan in illicit money and goods to the value of 1.3 million yuan have been seized. (Kunming YUNNAN RIBAO in Chinese 20 Nov 93)

Drug addict numbers increased in Yunnan Province by an average of 10,000 in 1989 and 1990. In 1991 the number of drug addicts totaled 45,000, a drop of 20.9 percent compared to the previous year, and in 1992 the figure dropped a further 20 percent to 36,600. (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0911 GMT 8 Dec 93)

#### **Conference Urges Continued Antipornography Efforts**

OW1102092094 Beijing XINHUA Domestic Service in Chinese 1233 GMT 3 Feb 94

[By RENMIN RIBAO reporter Zhou Qing (0719 1987) and XINHUA reporter Qu Zhihong (2575 1807 4767)]

[Text] Beijing, 3 Feb (XINHUA)—The main topic of a national telephone conference on antipornography work held here today was earnestly implementing the guidelines of the conference on propaganda and ideological work convened by the party central committee, and continuing to campaign against pornography in a thorough and sustained way in order to create a good social and cultural environment for reform, opening up, and economic construction.

According to the telephone conference, marked progress was achieved in antipornography work last year thanks to leaders of various localities who personally attended to the work. In addition to deploying concentrated forces according to requirements set by the central committee, many provinces and cities also made corresponding arrangements to deal with book, newspaper, magazine, video, and audio product markets in their areas. Antipornography work last year focused attention on key areas and important links. As a result, breakthroughs were made in the investigation and handling of major cases involving the manufacture and sale of pornography, and a number of criminals were dealt with. According to incomplete statistics, in 1993 the country confiscated 332.18 million copies of banned books and publications, of which 288,000 were pornographic; 499,700 banned videotapes, of which 11,300 were pornographic; destroyed 170 pornography-manufacturing and retail bases, including some illegal publishing houses; investigated and handled 1,675 cases involving the manufacture and sale of pornography and illegal publishing activities; and investigated and punished 5,991 offenders. The conference noted: Despite the marked achievements made in antipornography work

throughout the country, we must be fully aware of the chaotic condition of the publication market and realize everyone shoulders heavy responsibility in the struggle to combat pornography.

The conference analyzed the reasons for the resurgence of the "poison of pornography." It also mapped out a specific plan to deal with antipornography work in 1994 in accordance with requirements set by the Third Plenary Session of the 14th CPC Central Committee. The conference called on all localities to further promote understanding of antipornography work among cadres and the masses, to unify their thinking with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and to make unremitting efforts to grasp the work. The conference said: We must continue to make the handling of major cases the priority in antipornography work. In 1994 we must focus on raising the number of cases handled. It is also necessary to further enact and improve relevant laws and administrative regulations to manage book, newspaper, publication, audio, and video product markets according to the law.

The conference was presided over by Yu Youxian, deputy head of the National Leading Group for the Rectification of Book, Newspaper, Publication, Audio, and Video Product Markets. Liu Zhongde delivered a speech and Gui Xiaofeng presented a work report to the conference. Responsible people from various departments under the central committee also took part in the telephone conference.

### **Science & Technology**

#### **Reportage on State Councillor Song Jian**

##### **Views Privately Run Science Firms**

OW1102144794 Beijing XINHUA Domestic Service in Chinese 1533 GMT 3 Feb 94

[By reporter Huang Wei (7806 1218)]

[Text] Beijing, 3 Feb (XINHUA)—While inspecting the New Technology Industrial Development and Experimental Zone in Beijing today, Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said one of the strategic tasks at present is to vigorously develop a number of large, privately managed science and technology enterprises with great research and development potential, large production scale, and strong market-development capability, and to rapidly bring this science and technology "field army" onto the international market and take part in international competition.

Today, accompanied by Beijing Mayor Li Qiyang, Song Jian visited the work site of the Land Information Industry Base inside the New Technology Industrial Development and Experimental Zone in Beijing and discussed with entrepreneurs from privately-run science

and technology enterprises. Before discussions got underway, Song Jian extended Spring Festival greetings to the entrepreneurs on behalf of the State Council and the State Science and Technology Commission. He said management at the Beijing Experimental Zone, by taking advantage of the state's preferential policy and by adopting an flexible operating mechanism, has seen rapid development in the zone. In it there were now a number of science and technology enterprises including the Stone Group, Lianxiang, Fangzheng, Jinghai, Huasheng, Huake which had attracted attention both inside and outside China. The Beijing Experimental Zone was taking the lead among the nation's 52 science and technology development zones.

Song Jian said one of the results of China's reform of the science and technology structure was the vigorous search for and development of different types of privately run science and technology enterprises. Privately run science and technology enterprises, which had emerged in large numbers lately, had become the driving force for developing the cause of science and technology and for the science and technology industry, and had become an important part of the socialist market economy. Private operations would remain the main form of enterprise in China's science and technology development zones in the future. The state would continue to work toward the rapid development of big, privately run enterprises engaged in the development of new and high technology.

Song Jian also expressed the hope that operators of privately run enterprises, as commanders of the "field army" of China's rising science and technology industry, would work out strategies and be prepared to wage a major campaign. For privately run enterprises to develop, it was necessary for them to persist in developing high technology; to train their own research and development personnel; to rely on science and technology to get ahead of others in market competition; to maintain and develop superiority; to rapidly expand production and scale of operation and enhance economic strength; to develop the international market and take part in international competition through cooperation with financial institutions and with domestic or foreign counterparts; to further improve enterprise management; to study advanced foreign management theories, systems, and methods; and to train professional management personnel so that the production and operation of enterprises would be adapted to the requirements of socialist production.

In conclusion, Song Jian said that to promote the development of high technology industry, and to bring about the launch of China's national economy mainly through reliance on the new and high technology industry, the state would adopt measures to create a more relaxed environment for the development of new and high technology industry development zones and encourage more scientists and technicians, scientific research institutes, and institutes of higher education to run private high technology enterprises.

### Song Gives 1990's Strategy

HK1002095294 Hong Kong CHING CHI TAO PAO in Chinese No 7, 7 Feb 94 pp 9,10

["Exclusive interview" with State Councillor Song Jian by staff reporter Yao Gannan (1202 6373 0589), in Zhongnanhai, Beijing, 15 January: "Development Strategy for China's Science and Technology in the 1990's"]

[Text] On the afternoon of 15 January, Song Jian, state councillor and minister of the State Science and Technology Commission was interviewed by this reporter in the reception room at Zhongnanhai, Beijing. He talked about China's preparations for scientific and technological development for the 1990's, the reform of the science and technology structure, and the integration of science and technology.

Minister Song Jian is warm and friendly. He is wise and firm in his conversational style, analyzing problems brilliantly and thoroughly. He has good poise as a leader and demonstrates the qualities of a scholar.

This reporter had read a brief biography of Song Jian and knew that he was not only an outstanding leader in political circles but also a scientist with great attainments. As a member of the institutes of the Chinese Academy of Sciences, he is noted in scientific circles for his systematic cybernetics. In designing and leading the development of China's surface-to-air missile control system, antiballistic-missile weapons, nuclear submarine-launched missiles, and telecommunications satellites, Mr. Song has made great efforts and numerous achievements. The celebrated scientist Qian Xuesen once praised Song Jian as a "Chinese authority on cybernetics."

### Seize the Opportunity To Quicken Development

Minister Song told this reporter that the Third Plenary Session of the 14th CPC Central Committee, which ended not long ago, made an important policy decision about further reforming the science and technology structure and clearly stated that the goal of science and technology structural reform is to establish a new structure which suits the development of the socialist market economy, conforms to the laws of the development of science and technology themselves, promotes scientific and technological progress, and scales new scientific and technological heights, to achieve the comprehensive and coordinated development of the economy, science, technology, and society. He said it is a heartening and achievable goal.

He said that Deng Xiaoping recently pointed out: "In history, China has not had many opportunities for vigorous development." Looking back at history, for various reasons, the Chinese had missed several good opportunities for vigorous development and this is deeply regretted. China is now faced with an opportunity which is very rare in the history of development. We

must cherish this opportunity and seize it to quicken reform and opening up and the pace of development, enhance the country's strength, and improve the people's living standards. Song Jian said, with deep feeling, that people will use this to assess the achievements and inadequacies in the future.

#### Strategic Task For the 1990's

This reporter asked him how he interpreted the principle of "stabilizing one end and opening up the other end," as stated in the "Decision," for scientific and technological development and what was the significance of it.

Song Jian said: That is an important guiding principle for science and technology structural reform. Stabilizing one end demands that we make great efforts to ensure the sustained and steady development of key basic research projects and high-tech research, tackling key scientific and technological problems which have a bearing on the national economy and the people's livelihood; support and save the stamina for the long-term development of science and technology; and continuously bring new ideas for technological innovations. Opening up the other end means that we need to spur the commercialization, industrialization, and internationalization of scientific and technological fruits, making a greater contribution to the establishment of a socialist market economic system. "Stabilizing one end" and "opening up the other end" are interdependent. Neither of the two is indispensable. This is a crucial step toward settling the question of integrating science and technology and the economy.

Minister Song Jian stressed: A central question which has puzzled us for a long time is the separation between science and technology and economic development. Since reform and opening up, we have taken a very important step on this question and have obtained notable achievements. However, for the complete settlement of this question we still need the concerted efforts and struggle of the scientific and technological circles and the economic and financial circles.

He pointed out that establishing a science and technology structure which suits the socialist market economy and forming an economic structure which is conducive to technological progress are important strategic tasks for the 1990's.

What aspects should be particularly emphasized in China's current scientific and technological development? In reply, Song Jian said:

—**Step up agricultural science and technology.** In the mid-21st century, China will probably have a population of 1.6 billion people. Only by maintaining an independent, steady, and sufficient supply of farm products can we guarantee the survival and development of the Chinese nation and this is determined by China's specific national conditions. China needs to increase its grain output by 50 percent by that time. In

the face of the huge population pressure and unpredictable natural disasters, the levels of agricultural science and technology must be improved very considerably. Therefore, it is an immediate task to develop high-yield, quality, and high-efficiency agriculture.

—**Quicken the development rate of high and new technology.** During the 1990's, we will continue to organize and guide a large number of scientific research organizations and scientific and technical personnel into the market to develop high- and new-tech industries. By the end of this century, high added-value exports will rise from the current 5 percent to 10 or 20 percent. We must develop our own high- and new-tech industries. We must have great courage, take the offensive, open up markets, enhance our strength, participate in competition, build up a number of large modern corporations, and form an energetic force to compete with the developed nations. At that time, our science and technology will occupy a place in the world.

—**Step up basic research.** Basic research is the fountain of the scientific and technological productive forces, the vanguard of new technologies and new inventions, and the backing for science and technology as a whole. Once we make great breakthroughs in it, it will inevitably mean great progress in production technology, in the economy, and in society. Therefore, China will maintain a sophisticated, high-efficiency, and high-level basic research system as a backing for the long-term development of science and technology and will increase inputs in it so that we can catch up with the world and make new breakthroughs in some of the most important basic research disciplines, new research disciplines, and interdisciplinary sciences.

#### An Earnest Hope

"The country's future lies in science and technology." This is a line from one of Song Jian's poems. He said: The scientific and technological circles all over the country are shouldering the heavy task of invigorating the motherland with science and technology. In order to achieve this historic task, it is necessary to mobilize all positive factors, unite friends at home and abroad, and struggle devotedly. During the conversation, he leafed through the 1994 editions of CHING CHI TAO PAO and showed contentment with its development and progress. Moreover, he earnestly hoped that CHING CHI TAO PAO will contribute more to promoting scientific, technological, and economic exchanges between the mainland and Hong Kong and Macao.

#### Phones Antarctic Expedition Team

OW0902181294 Beijing XINHUA in English 1425  
GMT 9 Feb 94

[Text] Beijing, February 9 (XINHUA)—Song Jian, State Councillor and minister in charge of the State Science



and Technology Commission, today made a phone call to give Spring Festival greetings to China's expedition team in the Antarctic.

On behalf of the State Council, Song expressed heartfelt gratitude to the group for its excellent recent work. The 38-strong team has so far successfully fulfilled its research tasks.

Greeting the team, Song hoped it would continue to strengthen co-operation so as to make further contributions to world scientific development, to humanity's peaceful utilization of the Antarctic continent and to China's economic development.

Wang Yongkui, head of the Great Wall Station, and Yan Shouxian, head of Zhongshan Station, extended New Year's greetings to people all over China on behalf of the team, and said that they were confident of completing the research.

It is reported that during this expedition, the Great Wall Station and the Zhongshan Station are to make meteorological, magnetic and seismic observations and conduct research in ornithology, rock evolution, solar cycle and other fields.

#### Acclaims Book on Ecology

OW0902030694 Beijing XINHUA in English 0138  
GMT 9 Feb 94

[Text] Beijing, February 9 (XINHUA)—A Chinese husband and his American wife have published a book of their experiences on an "ecological" tour of three continents.

The book, entitled "A Green World Tour", was written after Tang Xiyang, chief editor of the Beijing Natural Science Museum's journal "Nature", and his American wife, Marcia Bliss Marks, visited more than 60 state parks and nature protection zones in a dozen countries in Asia, Europe and North America in 1988 and 1992.

The book includes descriptions and pictures of glaciers in Switzerland, the authors' interviews with green movement leaders in Britain and their chats with Indians in Canada.

Their book has been highly acclaimed by Chinese environmentalists as well as by State Councillor Song Jian.

#### Nuclear Safety System Begins to 'Take Shape'

OW1002133894 Beijing XINHUA Domestic Service in Chinese 0644 GMT 7 Feb 94

[By reporters Zhou Zhifang (0719 1807 2455) and Deng Ying (6772 4481)]

[Text] Beijing, 7 Feb (XINHUA)—China's nuclear safety supervision and control system has begun to take shape, according to a responsible person of the National Nuclear Safety Administration [NNSA].

The responsible person said: Since the seventies, when China began to develop its nuclear power industry, it has followed a principle of "safety first and quality first." In 1984, the NNSA was formed. As a result, the construction and development of the nuclear power industry began to have a legal basis. The state has promulgated three administrative regulations—the "Regulations Governing the Safety Supervision and Control of Civilian Nuclear Facilities," the "Regulations Governing the Control of Nuclear Materials," and the "Regulations Governing the Emergency Control of Nuclear Accidents in Nuclear Power Plants"—12 departmental rules and regulations, including nuclear safety provisions and implementation rules, as well as 59 nuclear safety guiding principles. Some nuclear safety laws and regulations and technical documents are now being formulated. In accordance with the nuclear safety standards established by the International Atomic Energy Agency, these regulations, rules, and guiding principles stipulate in detail the safety standards and quality-guarantee requirements for the construction and operation of civilian nuclear facilities.

The responsible person continued: China has adopted a safety licensing system for civilian nuclear facilities. As far as nuclear safety controls are concerned, we have followed the principle that "the law should be enacted first so that there is something to be observed, and that once implemented, the law should be enforced to the letter." To promote scientific standards in its work, the NNSA has established a nuclear safety committee consisting of 32 noted experts from various technical fields. The committee provides consultation services concerning the safety examination and evaluation, supervision, and control of civilian nuclear facilities. In addition, a nuclear safety center was established in Beijing to undertake the task of providing technical information for nuclear safety controls. The center is engaged in the technical evaluation, testing, monitoring, and data analysis of nuclear safety. A total of three supervisory stations have been set up in Shanghai, Guangdong, and Chengdu, with each being responsible for the supervision of nuclear safety in east China, south China, and the western region, respectively. In terms of providing technical means to guarantee nuclear safety, China has already established a training center equipped with a simulated nuclear power plant and has developed a batch of advanced software for analyzing and evaluating nuclear safety, with some of these having been used in the safety appraisals of nuclear power plants. Meanwhile, a system for responding to and evaluating nuclear accidents has also been established.

#### Space Probe Satellite Goes Into Orbit

OW1002101994 Beijing Central Television Program  
One Network in Mandarin 1640 GMT 9 Feb 94

[From the "News" program]

[Text] Under the meticulous control of the Xian Satellite Monitoring and Control Center and with the flight of the

rocket carrying it proceeding normally, the SJ-4 space probe satellite launched on 8 February by our country went accurately into orbit. [video begins by showing a flash of light, then the silhouette of a rocket streaking across a blue screen]

[Video shows medium shots of a group of people in olive-colored jackets, followed by long shots of a room lined with computers and a blue screen in front of it, then finally switches to medium long shots of unidentified people in army uniform] During the satellite's orbiting period, the monitoring and control center will for the first time use a near-earth [jin di] satellite probe system to support surveys conducted by an elliptically orbiting satellite. After that, the monitoring and control center will make arrangements with affiliated monitoring and control stations to conduct long-term management of the satellite and ensure that it accomplishes its mission.

#### Atomic Institute Installs New Beam Line

OW0702085494 Beijing XINHUA in English 0819  
GMT 7 Feb 94

[By Li Zhurun and Yang Xiaohong]

[Text] Beijing, February 7 (XINHUA)—Scientists at the China Institute of Atomic Energy (CIAE) have installed a second beam line on a tandem accelerator.

This advanced achievement, important for research into astrophysics, has passed appraisal by a committee consisting of several academicians of the China Academy of Sciences.

According to scientists at the laboratory, tandem accelerators are being used for research only in a few state laboratories in the United States and Japan.

The beam line on CIAE's tandem accelerator is China's first. It has produced two radioactive beams—known to experts as "C-11" and "F-17" beams—for the first time in the country.

This means that it is now possible to do research on unstable nuclei far from stability. Previously, nuclear physics was restricted to examining about 2,000 nuclides produced by ions of stable isotopes.

This will eventually lead to a better understanding of the nature of nuclear reactions and the nuclear structure, according to scientists.

Chinese scientists at the CIAE and elsewhere have conducted 205 experiments using the CIAE's tandem accelerator since 1988.

#### Technology Transaction Volume Up 37.42 Percent

HK0502061294 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1000 GMT 1 Feb 94

[By reporter Wang Jiabin (3769 0163 2430): "China's Technology Trade Exceeds 20 Billion Yuan"]

[Text] Beijing, 1 Feb (ZHONGGUO XINWEN SHE)—The State Science and Technology Commission today announced that the trade volume in technology contracts across the country in 1993 was 20.755 billion yuan, a 37.42 percent increase over the previous year.

According to statistics from the technology markets in 34 provinces, autonomous regions, municipalities, and cities listed separately for development in the country (excluding Tibet and Shenzhen), the technology transaction volume in 25 localities exceeded 100 million yuan; Beijing Municipality, with its 3.5 billion yuan volume of technology transactions, ranked first, followed by Liaoning and Shanghai, each with 2 billion yuan. They were followed by Sichuan, Jiangsu, Guangdong, Shandong, Hunan, Henan, and Hubei, arranged according to transaction volume.

The statistics show that the overall standard of trade in the technology markets across the country has greatly improved, and that the transaction volume of technological achievements involved a wide range of areas. This shows that the sense of technological progress among various quarters in society is ceaselessly becoming stronger. The statistics also show that at the same time as the volume of technology transactions has increased rapidly, the scale of technology transactions has also expanded continuously. In 1993, on average, each contract involved a transaction volume of 84,380 yuan, whereas in 1992 it was only some 60,000 yuan, and this indicates that in terms of degree of industrialized development, grade, and quality, the technological goods entering the market have improved to varying degrees, and some technologies and technological products have already left the country for the outside world.

#### Shenzhen Establishes Integrated Circuit Project

HK0402151694 Hong Kong WEN WEI PO in Chinese  
24 Jan 94 p C1

[By staff reporter Cho Chien-an (2715 1696 1344): "A \$1 Billion Joint-Venture Integrated Circuit Plant To Be Set Up in Shenzhen, Involving Shenzhen, European, and Hong Kong Businessmen"]

[Text] The Shenzhen-Hong Kong Grand-Scale [chao da gui mo 6389 1129 6016 2875] Integrated Circuit Plant, China's biggest integrated circuit project—announced in Shenzhen yesterday the establishment of its Chinese investment company. This project investment company will set up a joint venture with a major European integrated circuit company to engage in the manufacture

of chips and the finishing process for grand-scale integrated circuits in Shenzhen and Hong Kong. It is estimated that the entire production scale will entail a total investment of over \$1 billion (about 7.7 billion Hong Kong dollars).

Wang Dianpu, director of the Shenzhen Saige [6357 2706] Group, a major shareholder in the Chinese investment company, indicated when attending a meeting marking the establishment of the project's Chinese investment company in Shenzhen yesterday, that the Shenzhen-Hong Kong Grand-Scale Integrated Circuit Project is a national-level high-tech project which was approved by the State Planning Commission in July 1991 and which has the backing of General Secretary Jiang Zemin and relevant leaders of the State Council. After more than two years' preparation, the project's Chinese investment company, namely Shenzhen Saige High-Tech Joint-Stock Investment Company Limited, was finally set up in Shenzhen with a registered capital of 280 million yuan. The company has the following five shareholders: The Shenzhen Saige Group as the assets trustee for the Shenzhen Government (with a 62.2-percent shareholders' rights); the Shenzhen New Industry Investment Company Incorporated (with 7.1 percent shareholders' rights); the Shenzhen Urban Construction Group (with a 12.5-percent shareholders' right); the Shenzhen Zhongcheng Electronics Industrial Investment Joint-Stock Company Limited (with a 10.7-percent shareholders' right); and the Shenzhen Changhe Industrial Company Limited (with a 7.1-percent shareholders' right; this company is a joint venture between Hong Kong's Cheung Kong Holdings Limited, Hutchison Whampoa Company Limited, and relevant companies in Shenzhen). Wang Dianpu also noted that it is just a temporary arrangement that the company consists of the aforementioned five shareholders only and the company plans to invite a number of major enterprises in Shenzhen to be shareholders.

Wang Dianpu pointed out that the Shenzhen Saige High-Tech Joint-Stock Investment Company Limited, during the coming period, will place stress on developing the design, manufacture, packing, testing technology, and supplementary industries for grand-scale integrated circuits. To this end, the company will make full use of all preferential policies granted by the state; develop new and high technology; carry out diversified operations; uphold the orientation of internationalizing investment, product, market, technology, able personnel, and management; and explore and create a new pattern for China's new- and high-tech industries. From a long-term point of view, the company plans to turn itself into a pluralistic transnational company with real economic strength.

The Shenzhen-Hong Kong Grand-Scale Integrated Circuit Project will be developed by phases in the form of a Sino-foreign joint venture. The first phase of the project includes the establishment of a factory and design center in Shenzhen's Futian Bonded Zone for the finishing process for grand-scale integrated circuits, which will

occupy an area of 37,000 square meters. The joint venture will introduce world first class production equipment and technology for the design, packaging, and testing of integrated circuits of all kinds. The designed production capacity in the first phase is expected to be 318 million pieces of packaged integrated circuits and most of the products will be sold overseas. Entailing a total investment of nearly \$1 billion, the project will be jointly developed by the Chinese investment company and an international first class microelectronics company. The integrated circuit packaging and testing factory for the joint venture will have the country's highest output volume, largest production scale, and most advanced technologies. The establishment of this project is of great strategic significance to enhancing the level of China's electronic industry, narrowing the gap between the electronic technologies of China and the world, building up an electronic industrial base in southern China, and to pushing forward the industrial development of the Zhu Jiang Delta.

The second phase of the project includes the establishment of a world standard factory in Hong Kong for the initial processing of grand-scale integrated circuits, thus turning the Shenzhen-Hong Kong region into China's integrated circuit production and export base. It has been learned that a 34,000 square meter factory for this purpose will be set up in Hong Kong's Tai Po industrial town, which the Saige Group purchased earlier. Recently, Hong Kong's Industrial Department planned to withdraw the land as no construction had been carried out on it long after the purchase; however, the Industrial Department recently agreed to an extension. An investment of over \$1 billion is needed for both the initial and finishing processes to develop to an appropriate scale. At present, the first phase of construction has entered the contract-signing stage and the foreign partner is a first class major European integrated circuit company.

Both the Chinese and foreign parties have agreed to examine and approve the Chinese and English versions of three contracts in early February; examine memorandums and the constitution of the joint venture; and sign the three formal contracts upon the approval of the boards of directors on both sides. According to relevant plans, after the factory for the finishing process is set up in Shenzhen's Futian Bonded Zone, it will first engage itself in processing materials supplied by clients to gain initial economic results; it will then expand the production scale according to market changes and attain roll-over development relying mainly on the efficiency of the joint venture. The finishing process is expected to be put into production next year.

#### Scientists Develop New Power Supply for Computers

OW0502060594 Beijing XINHUA in English 0558  
GMT 5 Feb 94

[Text] Changsha, February 5 (XINHUA)—Chinese scientists have developed a power supply system for computer-controlled switchboards.



The new development, under the name of "Yinhe (milk way) power supply system for computer-monitoring, unmanned and computer-controlled telephone switchboards", has passed a state technical appraisal in this capital of central China's Hunan Province.

The system, China's first of its kind, was developed by researchers with the China National Defense Science and Technology University based in Changsha, the Hunan Provincial Posts and Telecommunications Research Institute and the Changsha Rixin Electrical Appliance Plant.

Previously, China relied heavily on similar imported power supply systems for its posts and telecommunications sector. Such foreign products were not only expensive but also inconvenient to repair. Some of the imported ones do not have a computer-monitoring function.

Experts from the appraisal group say that some technical functions of the newly-developed system have reached international advanced standards, while the price is two-thirds that of the imported ones.

#### **Environment Chief Issues Warning on Pollution**

*OW1002013494 Tokyo KYODO in English 0116 GMT  
10 Feb 94*

[By Robert J. Saiget]

[Text] Beijing, Feb. 10 KYODO—China's environment is seriously threatened and a system of law and enforcement is urgently needed to prevent pollution and protect natural resources, the chief of the country's environmental watchdog has warned.

Qu Geping, chairman of the environmental protection committee of the National People's Congress (NPC), made the call in a speech given at a closed meeting of an NPC conference on the environment last December 15 and only recently made available.

Qu methodically laid out the serious problems of growing pollution emissions and overexploitation of natural resources as China's economy develops.

Air pollution is steadily increasing in China's 500 major cities, as smoke and dust emissions have grown at an average annual rate of 7.6 percent and sulfur dioxide emissions increase by 3.5 percent, making several cities "invisible to satellites," Qu said.

Although industrial emissions may be controlled by 2000, he said, sulfur dioxide emissions, the leading cause of acid rain, will rise from 16 million tons per year now to up to 23 million tons in 2000.

Such increases will come as China's annual coal consumption grows from the present 1.2 billion tons to a projected 1.6 billion tons early next century when experts predict China will be the largest single producer

of both carbon dioxide, the leading cause of global warming, and sulfur dioxide.

Qu said China presently produces 100 million tons of wastewater a day, leaving several rivers "in a state of crisis." By 2000 China will produce between 30-32 billion tons of industrial wastewater annually and 17 billion tons of organic wastewater, he said.

During the 1980s, acid rain was limited to the provinces of Guangdong, Guangxi, Guizhou and Sichuan, but now has appeared in Jiangxi, Fujian and Shandong, and if not controlled will greatly harm the agricultural, livestock and fishing industries, he said.

Nearly six billion tons of solid wastes cover an area of more than 50,000 hectares around China and by 2000, industrial solid wastes will grow from the present 180 million tons a year to 250 million tons annually, Qu said.

Qu also described an increasingly unbalanced ecological situation which includes diminishing forest cover, soil erosion due to excessive mining and road-building and an average loss of some 2,100 square kilometers of arable land per year to desertification.

Water sources are also diminishing faster than they can be replaced as more than 300 of China's 500 large cities are short of water, with more than 40 seriously lacking water, he said.

China's per capita arable land is two-fifths the size of the world average and is shrinking due to mining, road construction and economic development, as well as the hazards of increase chemical use in fertilizers, he said.

As much as 10 million hectares of arable land are affected by pollution, which Qu said costs up to 12 billion kilograms of grain in economic losses a year.

Uncontrolled mining, low rates of mineral recovery at existing mines and low utilization ratios were quickly depleting resource reserves that, using China's present day technology, are readily exploitable.

The unusually frank speech, while stressing the interrelation between ecological imbalances and economic development, called for the perfection of China's legislative system and authoritative laws capable of enforcing environmental legislation.

#### **State Launches New Auto Engine Computer Company**

*OW0702090694 Beijing XINHUA Domestic Service in  
Chinese 1124 GMT 3 Feb 94*

[By reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 3 Feb (XINHUA)—The Automobile Engine Electronic-Control System Limited Company, supported and organized by the state, was inaugurated in Beijing on 2 February. According to authoritative sources, the establishment of this trans-regional and

trans-departmental company has great significance for plans to upgrade the technology of China's automobile industry and change the fact the industry is widely dispersed, redundant, is small and all-inclusive, and is of low quality.

The automobile engine computer control system is known as the electronic jet system for short. It uses a microcomputer rather than a mechanical carburetor and oil distributor to bring the gasoline supply and ignition of the engine under precise control. It can markedly improve the performance of an automobile and reduce exhaust pollution. It is now widely used by the car industry worldwide. In China, with the development of the automobile industry, there are broad market prospects for the electronic jet system. It was included as one of the scientific and technological research projects listed in the state's Eighth Five-Year Plan.

Under the specific command of state departments concerned, a number of key enterprises in the automobile, electronics, and ordnance industries became limited liability companies to help jointly develop the project to ensure it started with high technology, that there would be economic mass production and specialization, and that production would be organized to take advantage of economies of scale.

The Automobile Engine Electronic-Control System Limited Company was formed by the Shanghai Automobile Industrial Company, the Harbin Automobile Electronics Company, the Wuxi Automobile Electronic Jet Group, and the Xian Kunlun Machinery Plant, with a total investment of more than 1.5 billion yuan. The company was registered in Shanghai.

Minister in Charge of State Economics and Trade Commission Xu Penghang, Machine-Building Industry Minister He Guangyuan, Electronics Industry Minister Hu Qili, and Shanghai Vice Mayor Jiang Yiren attended the ceremony for the signing of the cooperation agreement.

### Military

#### Jiang Zemin Visits PLA Troops in Shanxi

HK1002054694 Beijing JIEFANGJUN BAO in Chinese 5 Feb 94 p 1

[Report by correspondent Jiang Yonghong (3068 3057 4767): "When Visiting PLA Units Stationed in Shanxi, Chairman Jiang Zemin Encourages Officers and Men To Set Store by the People's Interests and take Pride in Rendering Service to the Motherland"]

[Text] Taiyuan, 3 Feb (JIEFANGJUN BAO)—During his inspection trip in Shanxi, Jiang Zemin, general secretary of the CPC Central Committee, president of the People's Republic of China, and chairman of the Central Military Commission, paid separate visits to PLA units garrisoned in Shanxi under the State Commission of Science, Technology and Industry for

National Defense and the Beijing Military Region on behalf of the CPC Central Committee, the State Council, and the Central Military Commission. During his visits, he expressed his deep concern about and extended Spring Festival greetings to the officers and men of the entire army. He urged the vast numbers of officers and men to place the interest of the people above everything else, to take pride in rendering services to the motherland, and to help each other on the way ahead. Cadres should take good care of soldiers, veterans should help new recruits, and newcomers should show respect for their superiors. All officers and men should unite as one, strengthen political studies, do a good job in military training, and build the troops into combat collectives which are able to pass the strictest tests.

Carrier rocket launchers towered aloft on the uncultivated loess plateau. This is the place where the troops under the State Commission of Science, Technology and Industry for National Defense work hard year in and year out, and they have scored one victory after another in the spirit of hard struggle and selfless contribution. Chairman Jiang chose this place as his first stop on his Shanxi trip. In the early morning of 29 January, the temperature dropped to minus 18 degrees centigrade, and all the hills were covered with a thin layer of snow. As soon as he got off the train, braving the cold, Chairman Jiang enthusiastically inspected all the major equipment on the base and inquired about the progress of scientific research and experiments. He then entered a workshop and cordially met with the base's cadres at the regimental level and above. Seeing that Chairman Jiang was walking toward them, these cadres, who were engaged in high-tech work under difficult working and living conditions, found it hard to control their emotion and burst into warm applause.

Jiang Zemin said sentimentally: Conditions here are very difficult. You people have worked and lived here for many years on end and have made significant contributions to the modernization of national defense. The party and people are grateful to you. Turning to Shanxi Provincial Party Secretary Hu Fuguo and acting Governor Sun Wensheng who accompanied him during the trip, Jiang Zemin said: Communications are not convenient and conditions are not very good here. Our troops on this base have faced many difficulties in their lives, and the young comrades are also faced with difficulty in finding a suitable spouse. I hope that the local party committees and governments can do their best to help our troops solve difficulties back at home so that they can concentrate their energy on their work and make greater contributions.

What Chairman Jiang said warmed the hearts of all those present, and they responded with warm applause. Chairman Jiang walked to the front of a rank and shook hands and talked with the scientific cadres standing in the front row. People extended greetings to Chairman Jiang, who also waved greetings to the comrades standing in the back row.

Chairman Jiang always has the welfare of the troops at heart. During his entire inspection of Shanxi, he spoke more than once about ways to improve the living standards of our troops with Fu Quanyou, member of the Central Military Commission and director of the PLA General Logistics Department, and Li Laizhu, commander of the Beijing Military Region, who accompanied him during the inspection. As soon as he arrived in a new Army unit, Chairman Jiang would inquire about its agricultural and sideline production and the welfare of the rank and file. On the morning of 1 February, Chairman Jiang paid a special visit to the officers and men of a military farm under a group army when he was inspecting the development of the Huang He shoals in Yuncheng Prefecture.

On the afternoon of 1 February, Chairman Jiang rushed to visit a certain tank regiment. At the training site, when the tank operators, who were receiving training at the time, and the new recruits saw Chairman Jiang, they quickly fell into lines for him to inspect. When coming to the row of the fifth squad of the second company of new recruits by the side of the tank number 511, Chairman Jiang shook hands with the soldiers one after another, asked them about the training, and asked them how they were doing. Afterward, the chairman entered the new recruits' dormitory and the company kitchen and asked the soldiers about the food. He was very happy when he saw that the windows were clean and the quilts were folded up properly in the dormitory of the new recruits of the first company. He asked the soldiers whether they would have recreational activities during the spring festival and whether they were homesick. When they unanimously said that they were comfortable being in service, he smiled with relief. He also encouraged the officers and men of this regiment to strengthen solidarity, study diligently, train hard, and improve their own quality and the troops' fighting capacity in a comprehensive way.

A certain infantry regiment once acted as guard for the Second Plenary Session of the Seventh CPC Central Committee. With diligent efforts, their officers and men have made fairly big progress in material and cultural life in recent years. On the afternoon of 2 February, Chairman Jiang inspected the regiment's livelihood service center, where he found 22 different kinds of vegetables and types of food to supply the various companies. Chairman Jiang carefully inquired about the prices of various kinds of vegetables and types of food. Soldiers at the service center told Chairman Jiang that they processed the bean curd, bean sprouts, and dried bean curd themselves; that they raised and slaughtered the pigs themselves; and that they grew some of the vegetables which were relatively inexpensive. After he heard this, Chairman Jiang praised them several times. Chairman Jiang also visited a workshop where fried dough and pastries were made and dumplings were made by machines. He saw how the soldiers made more than 100 pickled vegetables and how the cooks skillfully prepared the food with their knives. Later, he entered the "Home

of the Company Quarter Master." When he found that they used strict auditing measures to ensure that the food expenditures were fully used by the soldiers, he praised this by nodding his head repeatedly.

In Taiyuan, Chairman Jiang met with PLA cadres at and above the divisional level stationed there. He gave important instructions regarding the question of studies. He said: Building socialism with Chinese characteristics and invigorating China is a great task before us. In order to complete this task, we must continue to struggle arduously and make efforts to consolidate our studies. All our officers and men must first study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his thinking about army building during the new period, and they should use them as a guide for all of our work. Following the development of science and technology, new technologies and new knowledge keep coming. All cadres of the troops should consolidate the study of new technologies and new knowledge, especially basic high-tech knowledge, and should continuously improve their skills so as to meet the needs of the new situation and new tasks.

Some leaders of the relevant ministries of the central authorities also accompanied General Secretary Jiang on his working and troop inspection tour, including Zeng Qinghong, Ye Qing, Liu Jiang, Han Zhubin, Zhang Youcai, Teng Wensheng, and Yang Yongzhe.

#### **Liu Huaqing Celebrates Spring Festival in Fujian**

##### **Meets Secretary, Governor**

*HK1402053694 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 11 Feb 94*

[Text] Liu Huaqing, member of the Political Bureau's Standing Committee and vice chairman of the Central Military Commission, is currently spending the Spring Festival with the masses in Fujian. Yesterday he listened to a work report by Jia Qinglin, secretary of the Fujian Provincial CPC Committee and governor of the province. Liu Huaqing expressed his satisfaction with Fujian's achievements in recent years. He encouraged Fujian to further implement the instructions of the Third Plenary Session of the 14th CPC Central Committee and to do better in all aspects of work under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

After listening to Jia Qinglin's briefing that Fujian had quadrupled its GNP seven years ahead of schedule, Comrade Liu Huaqing happily said: I have not been to Fujian for 10 years. There have been really great changes in Fujian, and its development is very fast. This is very good. He added: Economic development should remain at an appropriate rate; it should neither be too slow nor too fast. In particular, the scale of capital construction should not be too large and investment should not be too excessive.



He asked Jia Qinglin about commodity prices in the market. After learning that commodity prices were stable, he said: This is very good. Commodity prices involve the interests of tens of thousands of families. This is a major issue and should be resolved properly. Agriculture and grain are also important issues involving social stability and the country's tranquility. We should not relax our efforts on these issues.

On relations with Taiwan, he said: Apart from strengthening civilian, economic, and technological exchanges with Taiwan, it is all the more important for Fujian to speed up its economic development. This is very important to speeding up reunification.

Liu Huaqing continued: Fujian is rich in tourism resources. It should make great efforts to speedily develop its tourism to promote the development of other tertiary industries.

After listening to Jia Qinglin's report, Comrade Liu Huaqing thanked the Fujian Provincial Party Committee for supporting the armed forces. He requested the armed forces to support local construction so that the relations between the armed forces and civilians will become closer.

Comrade Liu Huaqing particularly stressed the need for the militia to display their exemplary role in the new period. He said: In the new situation, apart from being able to use guns, the militia should, more importantly, display their exemplary role in cultivating a good mood in society and in carrying out spiritual civilization.

#### **Calls on Troops**

*OW1402041894 Beijing XINHUA Domestic Service in Chinese 0735 GMT 13 Feb 94*

[By reporter Xu Dianlong (1776 3013 7893) and correspondent Chen Yilin (7115 0076 2651)]

[Text] Fuzhou, 13 Feb (XINHUA)—Liu Huaqing, member of the Standing Committee of the CPC Central Committee Political Bureau and vice chairman of the Central Military Commission, inspected work in Fujian Province from 8 to 13 February. He also called on officers and soldiers stationed there.

During the Spring Festival holidays, Liu Huaqing, braving drizzling rain, extended regards to workers at the Dongdu Dock worksite and its second-phase project and at the Customs joint inspection house in Xiamen, conveying to them and the people of Xiamen the cordial solicitude of the party Central Committee, the State Council, and the Central Military Commission. On 11 February, after hearing a work report by Jia Qinglin, secretary of the Fujian provincial party committee and governor of Fujian, Liu Huaqing said: By implementing in-depth Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, implementing the guidelines of 14th CPC National Congress and the Third Plenary Session of the

14th CPC Central Committee, as well as the Central Committee's series of major decisions, persisting in making economic construction the central task, and adopting effective measures, the Fujian Provincial Party Committee and the provincial government have brought about a sustained, rapid, and healthy development of Fujian's economy, quadrupling the province's gross product seven years ahead of schedule. Liu Huaqing said: The Third Plenary Session of the 14th CPC Central Committee has issued the "Decision of the CPC Central Committee on Some Issues Concerning the Establish of a Socialist Market Economic Structure." Therefore, leaders at all levels should become acquainted with new situations, study new issues, learn new knowledge, persist in simultaneously building material and spiritual civilizations, handle well the relationship between overall interest and partial interest, and concentrate their efforts to accelerate economic development. He said: Since Fujian and Taiwan are separated by only a strip of water, the two sides should enhance their non-governmental exchanges and strengthen their economic and technological cooperation. People on both sides of the strait will be happy if our economies become strong and powerful.

During his stay in Fujian, Liu Huaqing, accompanied by Nanjing Military Region Commander Gu Hui, called on the officers and soldiers stationed in Xiamen, encouraging them to preserve and carry forward the traditions of the Red Army in the new situation and to strengthen army building in accordance with the general requirements—all army units must be qualified politically and competent militarily. They must have a fine style of work, maintain strict discipline, and be assured of adequate logistical support—as put forward by Central Military Commission Chairman Jiang Zemin.

Liu Huaqing called on basic-level officers and soldiers of a group army on 13 February. He said: The People's Liberation Army bears the historic mission of protecting and building the country. At no time and under no circumstances should it forget this sacred duty and function. In the new situation of reform, opening up, and establishing a socialist market economy, officers and soldiers of the whole army must work hard, be selflessly dedicated, and subjugate personal interests to collective interests. Partial interests must be subjugated to overall interests and army building must be subjugated to the overall interests of national economic construction.

He said: China's cause of liberation was achieved with the blood of tens of thousands of revolutionary martyrs. The establishment of New China has not been easy. It is because of the hard work of a few generations of people that it has developed to this day. Every generation should cherish our present-day achievements. Every soldier must contribute to the country's political stability and economic development.

Liu Huaqing stressed: The key to improving army building lies in cadres. Party committees and leaders at all levels must keep constant tabs on their work of

training cadres, enforce management and requirements strictly, and strengthen education and studies; they should bring into full play the subjective initiative of cadres at all levels as well as the role of veteran comrades in passing on experiences, giving help, and setting an example in training new cadres, and follow the method of letting higher-level units guide and educate lower-level units. Leaders at all levels must show sincere concern for the weal and woe of soldiers, solve practical problems of basic-level officers and soldiers, and guarantee that the working, living, and recreational conditions for basic-level cadres and soldiers are good in order to ensure that the masses of officers and soldiers will be content with their jobs at basic units in the army and continue to make contributions to the country.

### **Luo Gan Delivers Work Report on Frontier Defense**

*OW0702140094 Beijing XINHUA Domestic Service in Chinese 1114 GMT 4 Feb 94*

[By XINHUA reporter Deng Ying (6772 4481) and Central People's Radio Network reporter Zhang Yusheng (1728 7183 3932)]

[Text] Beijing, 4 Feb (XINHUA)—The third national work conference on frontier defense that ended today demanded national frontier defense under the new period to take serving the state economic construction as its center; to actively develop good-neighborly relations with neighboring countries; and to vigorously promote economic development, prosperity, and stability along the border areas to ensure a smooth implementation of reform, opening up, and economic construction.

In his work report to the current meeting on frontier defense that began 1 February, State Councillor Luo Gan, who is also secretary general of the State Council and chairman of the National Frontier Defense Committee, pointed out: Since the last meeting in 1979, China has achieved remarkable success in work related to frontier defense, thanks to the conscientious discharge of such duties as consolidating frontier defense, promoting good-neighborliness, bringing prosperity to the people along the borders through development, and maintaining stability that gradually put itself onto a track of peacetime development and management and helped create a peaceful and tranquil environment for reform and opening up. On the basis of upholding the five principles of peaceful coexistence, China has normalized relations with all its neighboring countries, thus creating the best ever surrounding environment since the founding of the nation, which brought economic construction along the frontiers, particularly the rapid development of border trade. Army-government and army-people relations as well as solidarity among the various nationalities along the borders have been further consolidated and strengthened. The army-police-people joint defense effort has turned out to be a good frontier defense format under the new situation.

After analyzing the development and changes in the internal and external situations and conditions along the borders, Luo Gan pointed out: Under the new historical period, China's frontier defense must be guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; adhere to the party's basic line; conscientiously implement the principles and policies of the party's Central Committee, the State Council, and the Central Military Commission on frontier defense as well as the relevant state laws and regulations; resolutely safeguard state sovereignty and territorial integrity; preserve and develop good-neighborliness with neighboring countries; strengthen nationality solidarity; uphold reform and opening up; promote economic development along the border areas; maintain border security and stability; and create a fine surrounding environment conducive to the socialist modernization drive. Hence, it is necessary to firmly develop a consciousness on national security, territory, and sovereignty; actively promote cooperation and exchanges with neighboring countries in various forms and levels; energetically develop border trade; severely crack down on various criminal activities, including smuggling, drugs and firearms trafficking, and the sale of women; and maintain normal order along the border areas to ensure that reform, opening up, and economic construction are carried out in a peaceful, tranquil environment, both internally and externally.

The meeting demanded governments and frontier defense committees at various levels along the border areas to further adapt themselves to the needs of establishing a socialist market economic system by unifying ideological understanding and deepening reform. Besides, it is necessary to strengthen the legal aspect of frontier defense, speed up infrastructure construction, improve personnel quality, and strengthen organizational leadership to create conditions more favorable to strengthening frontier defense management.

Over 170 representatives from the frontier defense front attended the meeting, during which they exchanged experiences in frontier defense management, studied characteristics and missions of frontier defense under the new period, and discussed draft laws and regulations pertaining to frontier defense management.

### **PLA Issues Learn-From-Lei Feng Circular**

*OW1002050194 Beijing XINHUA Domestic Service in Chinese 2140 GMT 29 Jan 94*

[Text] Beijing, 30 Jan (XINHUA)—The People's Liberation Army [PLA] General Political Department [GPD] recently issued a circular to the entire army asking the vast numbers of commanders and fighters to continue the in-depth activities to learn from Lei Feng in an effort to vigorously strengthen the troops' building of spiritual civilization.

The circular pointed out: The Third Plenary Session of the 14th CPC Central Committee set new demands on building a socialist market economic structure and



socialist spiritual civilization. Jiang Zemin, chairman of the Central Military Commission, has stressed on many occasions recently that the army should lead the rest of the nation in building spiritual civilization. All army units should earnestly implement the guidelines of the party Central Committee and Central Military Commission's instructions and raise to a new level the learn-from-Lei Feng activities and the building of spiritual civilization.

The circular says: In light of the new circumstances and problems in the new situation, all military units should organize officers and men to earnestly study the theory of building socialism with Chinese characteristics and to learn from Lei Feng's glorious deeds and lofty thinking. All military units should guide their officers and men to take Lei Feng as their model; hold high the banner of patriotism and socialism; uphold the communist outlook on life and communist values; carry forward the "five revolutionary spirits" advocated by Deng Xiaoping and the "64-character" pioneering spirits put forward by Jiang Zemin; regulate their words and deeds with such ethics and lofty spirits as self-sacrifice, putting others before oneself, working hard, observing law and discipline, loving the army, and improving military skills; and consciously resist the corrosive effects of money worship, ultra-individualism, and corrupt lifestyle. We must perpetuate traditional Chinese virtues and, on this basis, establish and develop military ethics and standards suitable to our army's character and traits so that the vast numbers of officers and men will have higher ideological consciousness and moral standards, better behavior, and higher scientific and technological and cultural standards and will work hard to become soldiers practicing and spreading new socialist ethics and styles.

The circular stresses: We must vigorously publicize and commend advanced models in learning from Lei Feng and building spiritual civilization. We must continue to bring into play the exemplar and guidance role of old models. At the same time, we must try vigorously to find, train, and publicize new models who have distinctive characteristics of our times and who will exert major influence on others. We must vigorously launch all kinds of activities to learn from Lei Feng and build spiritual civilization, actively participate in local public welfare services, transform prevailing habits and customs, assist people in poverty and difficulty, and take part in disaster relief to contribute to fostering new social ethics. We must earnestly strengthen leadership over activities of learning from Lei Feng and building spiritual civilization. We must guide the initiative of the vast numbers of officers and men displayed in learning from Lei Feng and building spiritual civilization at their work posts so that they will work hard to accomplish military training and related tasks.

#### Reports on Xinjiang Military Region Activities

##### Officials on Army Building

OW0802081794 Urumqi Xinjiang Television Network  
in Mandarin 1330 GMT 1 Feb 94

[From the "Xinjiang News" program]

[Text] Headed by Abulaidi Amudurexiti, acting chairman of the Xinjiang autonomous regional government, the autonomous regional group for conveying Spring Festival greetings visited organs of the Xinjiang Military District this morning. They were warmly welcomed by military district leaders Pan Zhaomin and Fu Bingyao as well as the broad masses of officers and men.

On behalf of the autonomous regional party committee, the autonomous regional people's congress Standing Committee, the autonomous regional people's government, the autonomous regional committee of the Chinese People's Political Consultative Conference, the Xinjiang Production and Construction Corps, and the 15.8 million people of all nationalities in Xinjiang, Abulaidi Amudurexiti extended cordial greetings to the headquarters, the Political Department, and Logistics Department of the Xinjiang Military District, as well as to all officers and men of the People's Liberation Army and their families stationed north and south of the Tian Shan and along the border defense front.

Abulaidi Amudurexiti stated: Under the guidance of both Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, the past year was one in which we comprehensively carried out the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee. During the year we seized the opportunities to deepen reform; open up wider to the outside world; and bring about sustained, rapid, and healthy economic development as well as overall progress in society. These achievements resulted from the correct guidance provided by the CPC Central Committee, the State Council, and the Central Military Commission as well as from the concerted efforts made by people and soldiers of all nationalities who share a common fate. Troops stationed in Xinjiang have participated in and supported local economic construction, contributed to their second home town, and promoted the social stability and prosperity of the autonomous region. People of all nationalities in Xinjiang will never forget their contributions.

Fu Bingyao, deputy commander of the Lanzhou Military Region and commander of the Xinjiang Military District, said: Over the past year, party committees and people's governments at all levels, as well as people of all nationalities in the autonomous region, have actively supported army building, regarded the military as a great wall and soldiers a part of their family, and tried every possible means to overcome difficulties for army units. Their efforts have played an important role in helping army units and organs victoriously accomplish various missions. In the coming year, army units and organs within this military district will continue to follow the guidance of Comrade Xiaoping's thought on army building in the new period and the guidelines of the Third Plenary Session of the 14th CPC Central Committee in order to make efforts in strengthening the army's construction in all fields and its combat readiness.



so as to provide a powerful security guarantee for Xinjiang's reform, opening up, and modernization.

Leading cadres—including Jin Yunhui, Xie Fuping, Feng Dazhen, and (Simayi Maihesuti)—participated in this greeting activity.

#### Leaders Visit Civilian Authorities

OW1202105194 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 3 Feb 94

[Announcer-read report over video; from the "Xinjiang News" program]

[Text] This morning, leading cadres of Xinjiang military regions visited the regional party committee, the regional government, the Xinjiang Production and Construction Corps, and the Urumqi municipal government [video shows civilian officials welcoming a small group of military officers at an entrance, cutting to show several military officers talking to seven officials across an oval conference table].

During their visits to the regional party committee and government, Pan Zhaoming, deputy political commissar of the Lanzhou Military Region and political commissar of the Xinjiang Military District, extended his festive greetings to the regional party committee and government and people of all nationalities in Xinjiang on behalf of the military region and district party committees and all their officers and men.

Pan Zhaoming said: Over the past year, the regional party committee, government, and people of all nationalities in Xinjiang have rendered many good and practical services for the troops, and these services have played a positive role in helping the vast number of officers and men keep their minds in serving the military in frontier areas.

Abulaidi Amudurexiti, acting chairman of the regional government, said: Over the past year, military units in Xinjiang have contributed immensely to Xinjiang's stability and development and have created a good and stable society in Xinjiang. The military has set very good examples in promoting army-people unity and national solidarity. This has powerfully expedited Xinjiang's economic development.

When Xinjiang Military District leaders visited the Xinjiang Production and Construction Corps, Fu Bingyao, deputy commander of the Lanzhou Military Region and commander of the Xinjiang Military District, and Jin Yunhui, deputy secretary of the regional party committee and commander of the production and construction corps, spoke at the meeting.

## Economic & Agricultural

### Jiang Zemin Congratulates Xinjiang Peasants

#### Sends Letter

OW1402092994 Urumqi XINJIANG RIBAO in Chinese 5 Feb 94 p 1

["General Secretary Jiang's Letter in Reply"]

[Text] To All Comrades-Peasants in Pahataikeli Village, Shufu County:

I am very pleased to receive your letter from Comrade Seypidin Aze and I extend my congratulations to you for your display of patriotism, efforts for expanding production by relying on own efforts and hard working, and gratifying achievements in improving your material and cultural life over the 40 years or so under the encouragement of Chairman Mao's letter. In the new historical period and under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the party's basic line, and the leadership of the Xinjiang Uygur Autonomous Regional CPC Committee, I hope you will continue to implement the guidelines of the 14th CPC Congress, enhance national unity, be bold in blazing new trails and advancing forward, accelerate economic development, do a good job in constructing material and spiritual civilization, achieve the standards of a comfortable life as soon as possible, and build your hometown into a prosperous socialist new village. [Signed] Jiang Zemin [Dated] 20 January 1994

#### Xinjiang Hails Letter

OW1402122094 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 5 Feb 94

[From the "Xinjiang News" program]

[Excerpts] Some 10,000 people of various nationalities from Pahataikeli village, Shufu County, Kashi Prefecture, in an excited and exuberant mood, yesterday gathered solemnly in (word indistinct) to welcome General Secretary Jiang Zemin's reply letter to the farmers of this village.

Abulaidi Amudurexiti, deputy secretary of the Xinjiang Uygur Autonomous Regional CPC committee and acting chairman of the autonomous region, and Amudun Niyaz, chairman of the standing committee of the autonomous regional people's congress, attended the rally. [Video shows Abulaidi Amudurexiti and other leaders walking toward a big square where the rally is held. Abulaidi Amudurexiti is seen speaking to the standing crowd in the big square.]

Abulaidi Amudurexiti first read out General Secretary Jiang Zemin's reply letter to the farmers of Pahataikeli village, Shufu County. The letter reads: I extend my congratulations to you for your display of patriotism, efforts for expanding production by relying on own efforts and hard working, and gratifying achievements in

improving your material and cultural life over the 40 years or so under the encouragement of Chairman Mao's letter. In the new historical period and under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, the party's basic line, and the leadership of the Xinjiang Uygur Autonomous Regional CPC Committee, I hope you will continue to implement the guidelines of the 14th CPC Congress, enhance national unity, be bold in blazing new trails and advancing forward, accelerate economic development, do a good job in constructing material and spiritual civilization, achieve the standards of a comfortable life as soon as possible, and build your hometown into a prosperous socialist new village.

Abulaidi Amudurexiti said that last August, farmers of Pahataikeli village, to mark Comrade Mao Zedong's 100th birth anniversary and to celebrate the 41st anniversary of Comrade Mao Zedong's personal reply to [word indistinct], entrusted Vice Chairman Seypidin Aze to take a letter to General Secretary Jiang

Zemin in which the farmers expressed their confidence of realizing the goal of leading a comfortable life and of building their village into a new and thriving socialist rural area, as well as the best wishes for General Secretary Jiang Zemin.

Despite his hectic work schedule, General Secretary Jiang Zemin recently replied to the farmers' letter. His reply fully affirmed the concern shown by the CPC Central Committee and by General Secretary Jiang Zemin for the farmers in Pahataikeli village, as well as toward various nationalities in Xinjiang, which has a very important significance to promoting the rapid and efficient development of the Xinjiang economy and to maintaining the national unity and social and political stability. This letter is not only a major event for the farmers in Pahataikeli village but also a big event in the political life of all nationalities in the region. This is not only a big encouragement to all the farmers in Pahataikeli village but also a big encouragement to all the people of various nationalities in the entire region.

Abulaiti Amudurexiti said since liberation the party and the state have attached great importance and showed concern for the economic development in areas inhabited by ethnic minorities. They have formulated a series of preferential policies to promote the all-round progress of various undertakings in the areas inhabited by ethnic minorities and rendered great support and assistance in terms of finance, materials, and manpower. The party committee and the people's government of the autonomous region attach great importance to the economic development in the prefectures in south Xinjiang and have formulated a series of policies for accelerated development of the economy in those areas. Over the past several decades, thanks to the joint efforts of all nationalities in the entire region, various socialist undertakings in Xinjiang have witnessed great development; reform and opening up and economic construction have achieved new progress; economy has developed; political

situation is stable; people of various nationalities show solidarity; society has progressed; and various undertakings have achieved gratifying results. He expressed the hope that Pahataikeli village's party committee, people's government, and farmers of various nationalities, under the direct leadership of Kashi Prefecture's party committee, commissioner, and of Shufu County's party committee and the people's government, will formulate plans, advance measures, seriously implement the guidelines laid down at the 14th CPC National Congress and at the Third Plenary Session of the 14th CPC Central Committee, resolutely implement the resolutions adopted at the sixth plenary and enlarged meeting of the autonomous region's fourth CPC committee, strive to realize General Secretary Jiang Zemin's earnest expectations which he expressed in his reply letter, realize the goal of leading a comfortable life as soon as possible, and build our village into a new and thriving socialist rural area. [passage omitted]

#### Li Lanqing Addresses National Customs Meeting

OW1102080894 Beijing XINHUA Domestic Service in Chinese 1212 GMT 3 Feb 94

[By reporter Jiang Jun (1203 6511)]

[Text] Beijing, 3 Feb (XINHUA)—At the closing meeting of the national conference of customs directors today, Li Lanqing, State Council vice premier and member of the CPC Central Committee Political Bureau, said: Customs offices nationwide must abide by and support the general situation of "seizing opportunities, deepening reforms, opening up wider, promoting development, and maintaining stability" to further deepen reform in customs operations, as well as to better serve the cause of establishing the socialist market economic system and efforts to maintain the sustained, rapid, and healthy development of the national economy.

Li Lanqing pointed out: Customs operations are an important part of the country's macroeconomic regulation and control. A reform of the customs system must be implemented simultaneously with a reform of the country's overall economic structure to gradually establish a modern customs system with Chinese characteristics that is compatible with the socialist market economic system, that is supportive of China's opening up, that conforms to general international rules, and that is organically unified in terms of convenience and discipline, as well as in terms of restrictions and efficiency.

He said: In reforming the customs system, we should pay attention to the force that we apply, and we should consider the ability of all to withstand this force. We must stop unhealthy practices and must promote integrity through reform; we must control what needs to be controlled and must assign tasks that need to be assigned. To achieve these two tasks, we must implement the auditing system as well as reform the customs declaration system and the system and style of customs

management. Meanwhile, we must combine customs reform with the application of modern technological means to establish a modern and highly efficient customs system.

Li Lanqing stressed: Customs officials' principal duty is to monitor and control import and export activities in accordance with the law, as well as to ensure the efficient implementation of state policies and laws concerning foreign economic activities and trade. Customs offices must strengthen their control over imports and exports, as well as strictly check and penalize illegal activities such as certification evasion, tax evasion, and tax cover-ups to safeguard the proper economic order.

Li Lanqing said: Under the direct leadership of the party Central Committee and the State Council, we have made progress in the current antismuggling struggle, but we must not relax it one bit. We must fully realize that the antismuggling struggle is a long-term and arduous task, and we must continue to strictly crack down on illegal smuggling activities. Customs offices must further bring into play their principal antismuggling departments, gather the support of local governments and their antismuggling leading groups, strengthen their cooperation with the relevant judicial and law-enforcement organs, exploit the role of the relevant press and propaganda departments, and spur the broad masses to do a good job in the comprehensive control of smuggling activities. Customs offices must resolutely implement the principle of "making arrests at sea, catching people in ports, investigating at customs checkpoints, exercising control of the market, and imposing heavy penalties" while undertaking antismuggling tasks. In particular, they must insist on imposing strict penalties and speed up investigations of major cases, and they must not replace punishment with fines. Customs offices must simultaneously undertake antismuggling and anticorruption tasks to ensure the healthy development of the country's economic construction.

He asked customs offices to impose strict self-discipline, realistically strengthen their development, and systematically control their operations. Customs offices must establish clean administration and undertake reform measures to ensure the proper use of power and to prevent corruption from spreading. He said he hoped that in the new year, customs offices nationwide would continue to uphold the principle whereby tasks are focused on promotion and on strict controls to effectively safeguard the country's economy.

#### **Chen Huanyou on Antipoverty Work**

OW1002223694 Nanjing XINHUA RIBAO in Chinese  
30 Jan 94 p 1

["Provincial Party Committee and Government Holds Provincial Summing-Up and Commendation Meeting on Antipoverty Work; Chen Huanyou Calls For Further Implementing Various Antipoverty Measures with a High Sense of Responsibility and Urgency; 198

Antipoverty Workers and 75 Advanced Units in Antipoverty Work Commended"]

[Text] "The province has made gratifying achievements in antipoverty work and the cause of breaking away from poverty and becoming prosperous is full of hope; we should further implement various antipoverty measures with a high sense of responsibility and urgency." This is the gist of the speech made by Chen Huanyou, provincial party committee secretary and governor, at the provincial summing-up and commendation meeting on antipoverty work. On 29 January, the provincial party committee and government held this meeting to give a warm welcome to the honorable return of the provincial party committee's second antipoverty work team, sum up the province's antipoverty work in recent years, and commend 198 advanced workers and 75 advanced units in antipoverty work. Cao Hongming, deputy secretary of the provincial party committee, chaired the meeting.

Cao Keming, Xu Zhonglin, Gao Dezheng, Jiang Yongrong, Zhang Huaixi, Duan Xushen, and other provincial leaders attended the meeting. The Yancheng City party Committee and Government, the provincial planning and economic commission, the provincial antipoverty work team stationed in Shuyang, and other units as well as representatives of antipoverty team members gave reports on their experience in this regard.

Chen Huanyou delivered an important speech on antipoverty work. He said: Antipoverty work is a very important and significant issue. Helping people in economically weak areas to break away from poverty and become prosperous as soon as possible has been an important issue to which the provincial party committee and government have paid a good deal of attention. According to the strategy of "stressing reform and opening up of more economically developed areas, mainly along the Chang Jiang, and accelerating economic development on the one hand; stressing the reform in economically weak areas with localities north of Huai He as the center and stepping up the pace of breaking away from poverty and becoming prosperous on the other hand," the provincial party committee and government have further supported economically weak areas in developing the economy in the aspects of personnel, capital, and materials during the past couple of years. The provincial authorities concentrated efforts to strengthen infrastructure construction in northern Jiangsu and as organized the linkup of units directly under the provincial authorities with poor townships and towns by dispatching work groups to help develop the economy and by promoting an exchange of cadres between northern and southern Jiangsu to carry out cooperative activities. Through the joint efforts of all sectors around the province, particularly the hard work of cadres and people in economically weak areas, gratifying achievements have been made in antipoverty work. In view of the conditions in areas north of Huai He, a road of development for breaking away from poverty and becoming prosperous as soon as possible has been found and preliminary achievements have been scored in the



course of practice. The agricultural production rose steadily, structural readjustment was remarkably accelerated, and the development of a diversified economy has become the main source of the increase in peasants' income. New vitality was added to industrial production and some townships and towns formerly weak in industry are starting their own backbone projects. Infrastructure construction continued to be stressed; the construction of markets saw a good beginning and more and more peasants are participating in the circulation services. Individual and private economies became active by the day; labor export grew rapidly; peasants had higher income and collective accumulation increased. Another 400,000 people in Jiangsu shook off poverty in 1993. The per capita income of most of the 58 poor townships and towns, which were emphatically supported by the provincial authorities, has exceeded 600 yuan; of which, the per capita income of 30 townships and towns in Shuyang County exceeded 700 yuan, the village revenue increased by 20.3 percent over the previous year, and the income of village-level collective economies reached 20,000 yuan on average. If economically weak areas develop along such a course, they will surely bring about an even greater change by the end of this century.

Chen Huanyou stressed in his speech that we should further implement various antipoverty measures and strive to beef up the capability of economically weak areas in self-development with a strong sense of urgency and a high sense of political responsibility, so as to step up the pace of breaking away from poverty, becoming prosperous, and moving toward a relatively comfortable life. On this year's antipoverty work, Chen Huanyou noted that the provincial authorities should stress the following issues: 1) Supporting the work with policies—it is necessary to continue to implement and improve the policies of supporting the economic development in poor areas and to provide the support in the aspects of personnel, capital, and materials. We should do our best to add more key projects in northern Jiangsu. 2) Organization and coordination—in line with the principle of taking measures suitable to local conditions, rational division of labor, supplementing each other's advantages, and joint development and having consolidated the linkup of the north and south, we should further expand economic alliance and cooperation between economically developed cities and counties and their less developed counterparts through various forms and levels. The provincial authorities should take measures to help launch projects with participation of both the north and south. 3) Intensifying infrastructure construction, particularly the construction of power supplies and transport networks, with a view to making an end of no-electricity villages and basically establishing highway networks among cities, counties, and townships within three years or so.

Chen Huanyou announced at the meeting: The provincial party committee has decided to keep dispatching antipoverty work teams to poor areas this year, appropriately readjust and expand supporting areas, and make

greater efforts in antipoverty work. Some units originally stationed in Shuyang this year will be transferred to Guanyu and Suining. He hoped that units concerned would take the overall conditions into consideration, happily accept the mission assigned to them by the provincial party committee, overcome difficulties through all possible means, and do a good job in their work. In addition to doing their best to give personnel, capital, and material support, leading comrades of various rear units should go deep into townships and towns involved to give more concrete guidelines and solve actual problems there. He called on antipoverty work teams to conduct their work with creativity. The major tasks of the teams are assisting localities in reform, opening up, developing the economy, handling well the relations between reform and development and stability, and promoting a comprehensive social progress. All work teams should go deep into the realities of life, intensify investigations and studies, forge close ties and unite with local cadres and people, and do more actual and helpful work for the localities wholeheartedly. He demanded that party committees and governments of localities, where the work teams are stationed, actively strengthen their ties with work teams, keep in touch, respect, and support each other at work and unite together to advance forward.

Chen Huanyou also demanded that all cities and counties link up with economically weak townships and villages level by level and help them promote coordinated regional economic development.

#### RENMIN RIBAO Urges Faster Economic Growth

HK1102112594 Beijing RENMIN RIBAO in Chinese 4 Feb 94 p 5

[By Shi Jun (4258 6511): "Take Improvement of Economic Results As the Core in Accelerating Economic Development"]

[Text] Volume 3 of the *Selected Works of Deng Xiaoping* contains the largest number of expositions on accelerating economic development and is richest in contents in this regard. One of the conspicuous ideas is that, while improving economic results, we should accelerate economic development. In his talks during an inspection tour to southern China, he pointed out: "Those blessed with conditions advantageous to development should not be obstructed. In areas where conditions permit, local development should proceed as fast as possible. Nothing is to be feared so long as we stress efficiency and quality and develop the export-oriented economy." He also pointed out: "In developing China's economy, we should strive to reach a new rung every few years. Of course, this should not be interpreted as encouraging an unrealistically high speed. We should be down to earth and stress efficiency to realize steady and coordinated progress." When hearing reports on the Sixth Five-Year Plan, he pointed out: "We should attach importance to improving economic results and not blindly pursue

growth in output value and output." On two occasions when hearing reports on the economic situation, he stressed: "We should not stress only product quantity but should first stress quality. The key to expanding export sales lies in improving product quality.... Otherwise, the long-term, sustained, and stable development of the economy will be out of the question and the economy will eventually wither some day." "In industrial production, especially the production of export products, the focus is on improving quality and placing quality first."

We can thus see that there are conditions, preconditions, or basic requirements when Comrade Deng Xiaoping stresses the need to accelerate economic development. These conditions, preconditions, or basic requirements are efficiency, quality, export orientation, and the maintenance of stable and coordinated development or, what we usually call economic results in a broad sense. Therefore, when considering the issue of accelerating economic development, we must place the fundamental starting point on improving economic results: "Shifting the economic work as a whole onto an orbit based on improving the economic results."

At present, China's economic work still falls far short of Comrade Deng Xiaoping's aforesaid demands. This finds expression in the following four principal aspects: **1. The economic results are still relatively poor.** In recent years, China's total output value of industrial production has been growing at an average annual rate of over 10 percent, reaching over 20 percent in certain years, but the number of enterprises operating at a loss and the total amount of losses have kept on rising. In the first 11 months of 1993, the four principal performance indicators, i.e., the product sales rate, the ratio of profits and taxes to capital, the cost-profit ratio, and the rate of circulating fund turnover, were all lower than the levels during the Seventh Five-Year Plan. This situation of high speed and poor efficiency shows that China's industry has not changed its extensive operation of highly efficient mobilization but inefficient use of resources. **2. Product quality has not been improved considerably.** Despite much efforts to improve quality, there have been little results. Not only have the grade and level of many products not been raised but the production of shoddy products has continued in spite of repeated prohibitions. What is more serious is that there have been frequent cases of fake and shoddy products, especially fake medicines, insecticides, and chemical fertilizers which harm the state and the people. The quality of a country and a nation is eventually reflected in its material products; the economic results of an enterprise also come directly from its products. Without high quality products, how can we get good economic results and improve the quality of people's lives? **3. The growth in export earnings has been less than satisfactory.** According to statistics, in the first 11 months of 1993, the country's total import and export volume rose by 16.5 percent over the corresponding period in the previous year. Total import volume grew by 27.8 percent

while total export volume by only 6.2 percent, a disparity of over 20 percentage points. We should affirm the tremendous achievements in opening up to the outside world but we should not overlook the problems in developing an export-oriented economy, especially in increasing foreign exchange earnings through exports. If we fail to increase export earnings, this will in turn restrict our efforts to open wider to the outside world. We must attach great importance to the economic results in developing an export-oriented economy—export earnings. Comrade Deng Xiaoping pointed this out as far back as in 1985. He said: "We have just started to turn the economy in the special economic zones from domestic-oriented to export-oriented and, for this reason, we still do not have many good products for export. As long as Shenzhen fails to do this, it has not passed the test and cannot prove that its development is sound." Naturally, we cannot say that Shenzhen and many coastal areas have not passed the test till now. However, as far as most localities and enterprises are concerned, they have not yet passed the test or at least have not passed the test satisfactorily. **4. The economic structure is still irrational.** Imbalances in the economic structure have always been a major problem obstructing China's sound economic growth. It is also a fundamental crux affecting the improvement of economic results. Although we have made constant adjustments, we have not been able to get rid of the interruptive and ill effects of an imbalanced structure. Today, the irrational conditions in product mix, industrial structure, and the enterprise organization pattern are still quite serious and are tending to worsen in some respects. The chief manifestations are: Infrastructure has obviously lagged behind in national economic development; basic industry has lagged far behind the processing industry; within the processing industry, goods in great demand are extremely undersupplied while goods for which there is no consumer demand are extremely oversupplied; and the level of enterprise specialized and socialized production is low. According to surveys, in recent years we have been able to meet only about 80 percent of demand for power supplies, 60 percent of demand for railway transport, and only one-third of the demand for some major bottleneck aspects [zhu yao xian zhi kou 0031 6008 7098 0455 0656]. In light of the irrational economic structure, in a talk with comrades in charge of the State Planning Commission in 1982 Comrade Deng Xiaoping pointed out: "In our overall economic development strategy, energy and transport are focus points as is agriculture." He also pointed out: "If we really want to engage in construction, we should build some key projects. It will not do if we do not have some key projects.... We would rather cut back on local projects, especially some ordinary processing industrial projects." In December 1986, he again stressed that "we can only take this path." It now seems that we should take this path even more unswervingly.

What should we do to improve economic results? Aside from deepening reform, we should rely on scientific and technological progress and improvement in the quality of



**laborers.** Comrade Deng Xiaoping has a series of expositions on this count. At the National Conference on Science in March 1978, Comrade Deng Xiaoping said: "Contemporary natural science is being applied to production on an unprecedented scale and with unprecedented speed. This has given all fields of material production an entirely new look. With the same manpower and the same number of man-hours, people can turn out scores or hundreds of times more products than before now. What has brought about the tremendous advances in the productive forces and the vast increase in labor productivity? Mainly the power of science and the power of technology." In 1988 Comrade Deng Xiaoping again made a highly theoretical condensation of the primary transformation role of science and technology in contemporary productive forces and socioeconomic development from a new angle of view. He pointed out: "Marx said that science and technology are productive forces and facts have proven that his remark is quite correct. As I see it, science and technology are primary productive forces." Precisely because he has a profound understanding of the tremendous role of contemporary science and technology, Comrade Deng Xiaoping has repeatedly stressed: China cannot develop without science. It must rely on science, technology, and education.

In line with Comrade Deng Xiaoping's aforementioned ideas, the 13th Party Congress explicitly put forward the need to "place the development of scientific, technological, and educational cause in first place and shift economic construction onto the orbit of relying on scientific and technological progress and improving the quality of laborers."

It should be soberly noted that promoting scientific and technological progress and improving the quality of laborers is an arduous, complex, and gigantic project which requires hard and protracted efforts on our part. At present, further efforts should be made to solve the following three issues well:

*First, uphold the principle that economic construction must rely on science and technology and that the latter must be geared to the former.* Science and technology should give priority to promoting economic construction and improving economic results; vigorously strengthening the integration of science and industry, of science and agriculture, and the integration of science and trade; and quickening the pace of turning scientific and technological achievements into real productive forces. We should attach importance to the technological renovation of existing enterprises and improve the economic results of stock assets by improving and developing production technology, optimizing the allocation of incremental assets, and improving the economic results of stock assets.

*Second, attach great importance to education, especially the training of in-service workers and staff members, to improve the quality of laborers.* While affirming the vigorous development of educational undertakings, we must also squarely face the problems that exist. Viewed

from the current situation, the many problems criticized by Comrade Deng Xiaoping have not been resolved and some have even taken a continuous turn for the worse. Take for example, the remuneration of intellectuals. The leaders of some localities and units spend a lot of money on new sedans but they do not guarantee the basic wages of teachers. The phenomenon of stressing formality and going through the motions in training in-service workers and staff members is also conspicuous, leading to a relative drop in the quality of workers and staff members in many enterprises. For this reason, we should keep firmly in mind Comrade Deng Xiaoping's instruction that "education should be firmly grasped," put in a lot of time and energy in realistically solving the existing problems, and speedily raise the quality of laborers.

*Third, energetically study and take for reference advanced foreign technology and managerial expertise and follow a new path of mastering and assimilating imported technology.* In the past few years, we have continuously broadened the scope of studying and taking for reference advanced foreign technology and managerial experience but we have not attached sufficient importance to the work of mastering and assimilating what we have imported. We have spent a lot of money importing equipment, even advanced equipment, but we have not done a good job of mastering and assimilating what we have imported and some equipment has not been applied in production for a long time. Although we have introduced a lot of advanced managerial expertise, we have mastered little, with some being pigeonholed or laid aside. This trend should be rectified as quickly as possible. When importing advanced foreign technology and managerial expertise in future, we should conduct scientific demonstrations and make the correct choice. We should consider not only their advanced character but, more importantly, their suitability. Genuine efforts should be made to closely integrate their introduction into the country with their mastery and assimilation and we should be good at turning other people's know-how into our own.

In short, improving economic results is a crucial issue which has a bearing on whether or not we can increase our comprehensive national power, raise the people's living standards, and build up our capacity for sustained economic development. This should draw the close attention of the whole party. Conscientious efforts should be made to rectify the tendency of regarding speed as superior to efficiency and unswervingly take the development path of stressing quality and efficiency to promote the sustained, rapid, and healthy [chi xu, kuai su, jian kang 2170 4958, 1816 6643, 0256 1660] development of the national economy.

#### **Regulations on Enterprise Taxation Issued**

HK1402070294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Feb 94 p 2

[Report: "Decree Number 137 of the State Council of the People's Republic of China"]



[Text]"Provisional Regulations of the People's Republic of China on Enterprises Income Tax" have been adopted at the 12th General Meeting of the State Council held on 26th November, 1993. They are hereby published and shall come into force on 1st January, 1994. [Signed]Premier Li Peng [Dated]30 December 1993

ARTICLE 1: All enterprises, other than foreign investment enterprises and foreign enterprises, within the People's Republic of China, shall pay Enterprises Income Tax ("Income Tax") on income derived from production and business operations and other income in accordance with the provisions of these regulations.

Income from production and business operations and other income shall include income sources both within and outside the People's Republic of China.

ARTICLE 2: The following enterprises or organizations, which independently account for their respective financial results (hereinafter called Taxpayers), shall have an obligation to pay Income Tax: (i) State-owned enterprises; (ii) Collective enterprises; (iii) Private enterprises; (iv) Joint venture enterprises; (v) Joint stock enterprises; (vi) Any other organizations deriving income from production and business operations and other income.

ARTICLE 3: The Income Tax payable by a Taxpayer shall be computed at 33 percent of its Taxable Income.

ARTICLE 4: The Taxable Income shall represent total income earned by the Taxpayer in a tax year less deductible items for that tax year.

ARTICLE 5: The total income of a Taxpayer shall include: (i) Income from production and business operations; (ii) Income from the transfer of property; (iii) Interest income; , (iv) Income from leasing; (v) Income from royalties and licence fees; (vi) Dividend income; (vii) Other income.

ARTICLE 6: Deductible Items for the purposes of arriving at the Taxable Income are costs, expenses and losses incurred by the Taxpayer in earning that income.

(1) Interest expenses incurred by a Taxpayer on borrowings from financial institutions during the course of production and business operations shall be deductible on an actual basis. Interest expenses incurred on the extent that such interest payments do not exceed those on similar borrowings provided by financial institutions during the same period.

(2) Salaries and wages paid to employees by a Taxpayer shall be deductible based on the amount of tax salaries and wages. The People's Governments of Provinces, Autonomous Regions and Directly Administered Municipalities shall determine, within the range set down by the Ministry of Finance, the bases for calculating the tax salaries and wages and shall submit them to the Ministry of Finance for record keeping purposes.

(3) Employees' union expenses, employees' welfare costs and employees' educational expenses are deductible at 2

percent, 14 percent and 1.5 percent, respectively, of the amount of tax salaries and wages.

(4) Donations for community benefits and charitable donations by a Taxpayer in a year are deductible up to 3 percent of the Taxable Income.

Items other than the above-listed shall be deducted in accordance with laws, executive regulations and relevant tax rules promulgated by the State.

ARTICLE 7: The following items shall not be deductible in calculating the Taxable Income: (1) Expenditure of a capital nature; (2) Expenditure on acquisition or development of intangible assets; (3) Fines in relation to illegal business operations and losses incurred through confiscation of property; (4) Surcharge on overdue tax payments, fines and penalties in relation to various types of taxes; (5) That portion of losses incurred due to natural disasters or accidents which are covered by compensations receivable; (6) Donations for community benefits and charitable donations in excess of the deductible amounts; and donations other than those for community benefits or charitable donations; (7) Expenditure on any sponsorship; (8) Other items of expenditure that are not incurred in the earning of income.

ARTICLE 8: Tax incentives are available to the following Taxpayers: (1) Enterprises operating in autonomous regions requiring special incentives and encouragement shall be given tax reductions or exemptions for a specified period upon the approval of the Provincial People's Governments; (2) Enterprises given tax reductions or exemptions under the laws, executive regulations and relevant provisions of the State Council shall be granted such tax incentives accordingly.

ARTICLE 9: In the calculation of Taxable Income, where the financial and accounting bases adopted by a Taxpayer contradict the relevant tax provisions, Taxable Income shall be computed in accordance with those relevant tax provisions.

ARTICLE 10: Business transactions between a Taxpayer and its associated enterprises shall be conducted in the same manner as those between independent enterprises in respect of the amounts of receipts or payments. Where the business transactions which give rise to the receipts or payments are not carried out on the same bases as those between independent enterprises and result in a reduction of Taxable Income of the Taxpayer, the tax authorities shall have the right to make reasonable adjustment.

ARTICLE 11: Losses incurred in a tax year by a Taxpayer may be offset against the income of the following tax year. Should the income of the following tax year be insufficient to absorb the said losses, the balance may be carried forward to be offset against the income of subsequent tax years. However, losses may only be carried forward over a period not exceeding five tax years.

**ARTICLE 12:** A Taxpayer shall be allowed, when filing a Consolidated Income Tax Return, to deduct from the amount of Income Tax payable the foreign income tax already paid abroad in respect of the income derived from sources outside the People's Republic of China. The deductible amount shall however, not exceed the amount of Income Tax otherwise payable under the provisions of these regulations.

**ARTICLE 13:** When a Taxpayer is placed into liquidation in accordance with the relevant legislation, Income Tax shall be payable on the net income upon completion of liquidation in accordance with the provisions of these regulations.

**ARTICLE 14:** Unless otherwise required by the State, a Taxpayer shall pay Income Tax to the local tax authorities where the enterprise is situated.

**ARTICLE 15:** Income Tax payable shall be calculated on an annual basis and provisional tax payments shall be made on a monthly or quarterly basis. Such provisional payments shall be made within 15 days from the end of each month or quarter as applicable. The final settlement shall be made within four months from the end of the tax year with any excess tax payment refunded or any deficiency repaid.

**ARTICLE 16:** A Taxpayer shall file accounting statements and Provisional Income Tax returns within 15 days from the end of each month or quarter, as applicable, with the local tax authorities where it is located. The Taxpayer shall also file the final accounting statements and Income Tax return with the local tax authorities where it is located within 45 days from the end of the tax year.

**ARTICLE 17:** The administration for the collection of Income Tax shall be conducted in accordance with the "Tax Collection and Administration Law of the People's Republic of China" and the relevant provisions of these regulations.

**ARTICLE 18:** The payment of Income Tax by financial and insurance enterprises shall be made in accordance with the relevant regulations.

**ARTICLE 19:** The Ministry of Finance shall be responsible for the interpretation of these regulations. Detailed rules for the implementation of these regulations shall be determined by the Ministry of Finance.

**ARTICLE 20:** These regulations shall come into effect on 1st January, 1994. As from this same date, "The Draft Regulations of the People's Republic of China on State-Owned Enterprise Income Tax" and "Measures of Collection of State-Owned Enterprise Adjustment Tax" published by the State Council on 18th September, 1984, "The Provisional Regulations of the People's Republic of China in Collective Enterprise Income Tax" published on 11th April, 1985, and "The Provisional Regulations of the People's Republic of China on Private Enterprise Income Tax" published on 25th June, 1988,

shall all be abolished. The measures of the State Council in connection with contracted payment of Income Tax on State-owned enterprises shall also cease to be effective as from the same date.

**State Council Abolishes Some Taxes, Tax Codes**  
*OW1402052194 Beijing XINHUA Domestic Service in Chinese 0927 GMT 7 Feb 94*

[Text] Beijing, 7 Feb (XINHUA)—To simplify and standardize the tax system, and to promote reform aimed at establishing a tax-sharing system, the State Council recently decided to abolish the fair trade tax, the livestock trade tax, the special fuel tax, the bonus tax, and the wage regulatory tax. It also decided to abrogate seven tax codes: "Provisions for Trial Implementation Regarding Fair Trade Taxes," "Interim Regulations on Livestock Trade Taxes," "Provisions for Trial Implementation on Collecting Special Fuel Taxes," "Interim Provisions on Bonus Taxes on State-Run Enterprises," "Interim Provisions on Wage Regulatory Taxes on State-Run Enterprises," "Interim Provisions on Bonus Taxes on Collective Enterprises," and "Interim Provisions on Bonus Taxes on Institutions." Meanwhile, it delegated power regarding the management of animal slaughter and banquet taxes, allowing provincial, autonomous regional, and municipal people's governments to decide on their own whether to continue to levy or stop collecting such taxes in light of local economic development.

**XINHUA Reports on New Work Hours Regulations**

**Text Issued**

*OW1202100694 Beijing XINHUA Domestic Service in Chinese 0658 GMT 7 Feb 94*

[Text] Beijing, 7 Feb (XINHUA)—State Council provisions on the Work Hours of Workers and Staff Members

Article 1. These provisions have been formulated in accordance with the provisions of the Constitution to rationally schedule work and rest hours for workers and staff members, safeguard their right to rest, arouse their initiative, and promote socialist modernization.

Article 2. These provisions shall apply to workers and staff members in state bodies, mass organizations, enterprises, institutions, and other organizations in the PRC's territory.

Article 3. The state shall implement a work hours system, consisting of eight hours each day for a weekly average of 44 work hours, among workers and staff members.

Article 4. Where the work hours need to be shortened appropriately for work performed under extraordinary conditions or to accommodate extraordinary circumstances, they shall be effected in accordance with relevant state provisions.

Article 5. Where the nature and duties of work require a system of irregular work hours, the average work hours for workers and staff members each week may not exceed 44.

Article 6. No unit or individual may extend the work hours of workers and staff members without authorization. Where the work hours truly need to be extended because of extraordinary circumstances or urgent tasks, they shall be effected in accordance with relevant state provisions.

Article 7. State bodies and institutions shall implement unified work hours. Effective on the day these provisions are implemented, rest days shall come on Saturday and Sunday in the first week and on Sunday in the second week, and the cycle shall continue.

Article 8. The Labor and Personnel Ministries shall be responsible for interpreting these provisions; they shall draw up implementation procedures.

Article 9. These provisions shall take effect 1 March 1994. Where there are difficulties in implementing these provisions on that day, the implementation date may be postponed appropriately until, but not beyond, 1 May 1994.

#### Ministries Comment

OW1202101794 Beijing XINHUA Domestic Service in Chinese 1140 GMT 8 Feb 94

[Text] Beijing, 8 Feb (XINHUA)—The "State Council Provisions on the Work Hours of Workers and Staff Members" have been promulgated. The Labor and Personnel Ministries have offered the following explanation regarding these "Provisions":

The provisions give workers and staff members more time to study, educate their children, and attend to household chores. They will surely further arouse the initiative of workers and staff members in socialist construction, preserve and inspire their enthusiasm for production, and increase their vitality in production and construction. These provisions appropriately shorten the work hours, scientifically and rationally schedule work and rest hours, and carry great significance for protecting the health of workers and staff members; for improving work efficiency and labor productivity; for promoting better management in organizations, enterprises, and institutions; and for advancing the development of production.

There will be a unified system of work hours throughout the country. The State Council "Provisions" apply to workers and staff members in all organs, mass organizations, enterprises, institutions, and other organizations in the PRC. Enterprises include those under various single-mode or mixed economic ownerships, such as state-owned, collectively owned, privately run, individually run, and foreign-funded enterprises. They also

include mines; factories; and construction, communications and transportation, logging, farming, commercial, and service entities.

Our country used to implement special provisions regarding the work hours of workers and staff members working under extraordinary conditions and those whose circumstances were special. For instance, the chemical industry implemented a system consisting of "three work days and one day off," as well as a system of six or seven work hours, for workers engaged in operations involving toxic and harmful substances, based on the distinctive aspects and conditions of production. Coal mines implemented a four-shift system, consisting of six work hours per shift, for operations in coal pits. The textile industry implemented a system of "four shifts with three workers working and one resting on each shift." Female workers and staff members who had babies under one year old were given an hour for nursing each work day. If the work hours of workers and staff members working under extraordinary conditions or those whose circumstances are special still need to be shortened appropriately following the implementation of these provisions, they should be handled according to relevant state provisions.

The work and rest hours of state organs and institutions must be unified. Beginning the day the "Provisions" are implemented, rest days will fall on Saturday and Sunday in the first week and on Sunday in the second week, with the cycle continuing regardless of which month or year it is. This will facilitate the normal operation of all endeavors in all sectors of society. In light of their actual conditions, enterprises may make provisions in accordance with the requirement for an average 44-hour work week consisting of eight hours each day. State organs aside, hospitals, kindergartens, primary schools, and units having a bearing on people's livelihoods must also unify their work and rest hours. Therefore, we will unify the work and rest hours of both institutions and state organs. Although workers and staff members in the civil aviation and railway sectors may work for more than eight hours each day, their average work week will not exceed 44 hours.

In implementing the "Provisions," all units should strengthen management, strictly enforce discipline, and strive to tap their potential to ensure the completion of their production tasks and work without increasing personnel and spending. They should not let the implementation of the 44-hour work week affect their normal operations and economic performance; nor should they reduce the salaries of their workers and staff members. No enterprise or individual may extend the work hours of their workers and staff members without authorization. We should remedy the practice of fulfilling production tasks through overtime. If special circumstances and urgent tasks require the extension of work hours for workers and staff members, we should follow relevant



state provisions. All social service units—such as commercial, catering, public transportation, postal and telecommunications, and transportation units—must consider people's interests in rescheduling production and work hours. They should take effective measures to solve problems arising from such rescheduling, and create more convenient living and working conditions for people. Labor and personnel departments all levels should supervise and inspect progress in implementing the "Provisions." If the "Provisions" are violated, they should mete out punishment in accordance with relevant provisions.

#### Article Reviews 1993 Employment Situation

HK1002124194 Beijing GUANGMING RIBAO in Chinese 11 Jan 94 p 4

[By staff correspondent Wang Kejun (3769 0344 6511) and staff reporter Fang Jiangshan (2455 3068 1472): "New Changes in Labor Employment in 1993"]

[Text] In 1993, our country's labor employment saw a series of new changes. According to the figures provided by relevant state departments, the urban and rural labor supply-demand contradiction was alleviated, the labor structure saw change, the speed of labor flow accelerated, and the labor market achieved an initial scale.

#### The Urban and Rural Labor Supply-Demand Contradiction Was Alleviated

In 1993, the number of persons who newly entered the labor force throughout the country (that is, the population reaching 16 years of age) fell by 1 million as compared with the previous year, while the population reaching the retirement age (55 years for women and 60 years for men) saw a slight increase over the previous year. Thus, seen from the labor supply situation, there was a slight reduction in the growth of labor resources. In 1993, the national labor resources totaled 731.78 million people.

Seen from the labor demand situation, the number of people who were placed in employment was still quite large. According to estimates, in 1993, throughout the country 605.9 million were employed, an increase of 11.58 million as compared to the previous year. Of these, the number of staff and workers in urban areas was 150.4 million, an increase of 2.48 million. The number of people engaged in private and individual operations was 9.5 million, an increase of 1.12 million. In the rural areas, the laborers in the small towns and villages totaled 446 million, an increase of 7.98 million. At the same time, there was a slight increase in the urban unemployment rate. In 1993, about 4 million people in urban areas were unemployed, an increase of close to 400,000. The unemployment rate was 2.6 percent, a growth of 0.3 percentage points. According to some local surveys, of those currently unemployed in the urban areas, about 50 percent are not anxious to be allocated work posts. They wish to seek their own work and, in this way, they will

likely achieve incomes which are no lower than those of the general urban staff and workers.

#### There Were Changes in the Employment Structure

Analyzing things in terms of the industrial structure, the proportion of primary industry employment has declined and the proportions of secondary and tertiary industry employment have increased. At the end of 1993, the number of people employed in primary industry was 348.39 million, an increase of 700,000 over the previous year. This was 57.5 percent of the total, a decline of 1 percent as compared with the same period in the previous year. The number of people employed in secondary industry was 132.69 million, an increase of 3.48 million over the previous year. They constituted 21.9 percent of the total, a growth of 0.2 percent. People employed in tertiary industry totaled 124.82 million, an increase of 7.4 million as compared to the end of the previous year. The proportion they constituted was 20.6 percent, a growth of 0.8 percent.

In respect of the people employed in urban areas, the speed of growth of those employed in the nonstate-owned economy was faster than the speed of growth of those employed in the state-owned economy. The people employed in state-owned units totaled 110.94 million, an increase of 2.05 million people or 1.88 percent. The number of people employed in nonstate-owned units (including those employed in urban collective operations, urban private operations, and individual operations) was 48.96 million, a growth of 3.27 percent, 1.39 percentage points higher than the figure for state-owned units. Of these, the people employed in joint operations and foreign-funded operation units totaled 3.43 million, a growth of 21.63 percent, 19.75 percentage points faster than the growth of employment in state-owned units. The number of people employed in urban private operations and individual operations was 9.5 million, a growth of 13.37 percent, 11.49 percentage points faster than the growth of those employed in state-owned units.

Within state-owned units, the proportion of permanent staff and workers declined, while the proportion of contract staff and workers increased. At the end of 1993, the permanent staff and workers in state-owned units numbered 74.33 million, a reduction of 1.28 million people. They comprised 67 percent of the total, a decrease of 2 percent. The contract staff and workers numbered 23.3 million people, an increase of 2.71 million. This constituted a proportion of 21 percent, up 2 percent. According to Ministry of Labor reports, the reform whereby within the labor system, the labor contract system for employees constitutes the main part, has now developed from the partial experimental stage to a stage where this is being implemented on a regional basis in over 70 cities throughout the country. This year, this reform will be implemented in an overall way throughout the country.

#### **The Renewed Increase in the Number of Staff and Workers Has Slowed**

Since the beginning of 1993, a prominent characteristic of the changes in the number of staff and workers is that the renewed increase in the number of staff and workers has slowed. In July and August last year, the number of workers had again reached the figure at the end of the previous year. However, by September 1993, the figure had dropped back to below the figure at the end of the previous year, a phenomenon which had not been seen for many years. According to an analysis, there are two main reasons for the slowing of the increase: The first is that there has been a strengthening of the labor-use restraint mechanism and, as a result, there has been a reduction in the use of labor. In 1993, all regions actively implemented reform of the employment and the labor assignment systems and, as a result, there has been a continued strengthening of the labor-use restraint mechanism in enterprises. Many enterprises, taking consideration of labor cost benefits, have done everything they can not to increase, or only slightly increase, their workforce, made efforts to tap latent potential within the enterprise, and dismissed a large number of temporary workers and workers outside the plan. Second there has been a change in employment concepts and the consciousness of the market has strengthened. In 1993, close to 1.5 million staff members and workers voluntarily left their jobs, retired, or terminated or abrogated their employment contracts. This was an increase of about 50 percent compared with the previous year.

#### **The Rate of Labor Flow Has Increased**

In 1993, the number of rural laborers who went to other regions to seek employment increased, with about 50 million people seeking work in other areas. Of these, about 13 million people entered various types of units or individual trades in urban areas. This large-scale flow of labor has also begun to move from a disordered to an ordered flow. For example, in 1993, Guangdong Province established labor cooperative links with eight provinces including Sichuan, Hunan, and Jiangxi. Those rural laborers who intend going to work in Guangdong need to consult their local labor department first before proceeding to Guangdong. To a certain degree, this prevents the blind flow of rural labor.

Because of the change in employment concepts and an increase in market consciousness, some staff members and workers are no longer satisfied spending all their life in the work post to which they were originally assigned. Instead, they are seeking posts in which the income is higher or in which they can better use their special skills. A sample survey has shown that about 30 percent of staff and workers are unsatisfied in their present work and hope to shift jobs. According to estimates, in 1993, about 4.5 million people were transferred between units, an increase of close to 500,000 compared with the previous year. This figure represented about 3 percent of the total number of staff and workers. Of these, close to 400,000 transferred to other provinces.

#### **An Initial Scale Has Been Achieved in the Labor Market**

In 1993, all areas further strengthened the building of labor markets at various levels and all sorts of labor agents and human resources interflow meetings emerged to meet the needs. Now, 30 provinces, cities, and regions, as well as 15 ministries and commissions under the State Council, have already established human resources interflow organs, while the prefectural and county interflow organs number over 2,000 and nongovernment employment agencies number close to 200. They have thus formed a basic national human resources interflow network. In addition, throughout the country, 500 fixed human resources markets have been established and 10,000 human resources interflow meetings have been organized. The initial establishment of the various levels of labor market has promoted the rational flow of human resources. This has allowed our country's human resources interflow work to shift from the traditional system of unified arrangements and unified allocation to a new system where personnel choose their own employment and units choose their own employees.

#### **Research Office Urges Developing Small Cities**

*HK0802113594 Beijing RENMIN RIBAO in Chinese  
3 Feb 94 p 2*

[Report: "Suggesting an Effective Prescription for Curing 'Rural Disease'—Combining Development of Nonfarming Industries With Construction of Small Cities and Towns"]

[Text] The rapid changes in the economic structure, and the rise of township and town enterprises as a new force in the economy, have promoted prosperity in the rural areas of our country and have brought substantial benefits to the vast numbers of peasants. At the same time, however, this has also given rise to a noteworthy "rural disease." In order to deal with this problem, the State Council's Research Office carried out a systematic investigation and submitted a special report. RENMIN RIBAO reporters have summarized the main points of the report as follows:

#### **The Noteworthy "Rural Disease"**

Since the beginning of reform and opening, major changes have occurred in the urban and rural economic structures in our country. In particular, various nonfarming industries, composed mainly of township and town enterprises, have developed greatly in the countryside. However, some special phenomena also appeared in such developments and have been called a "rural disease" which mainly finds expression in the following facts.

The rural industry is widely scattered. In 1992, there were 20.79 million township and town enterprises throughout the country, and more than 19 million were located in natural villages. The advantage of such a scattered distribution was that the starting costs would

be much lower and villagers could be engaged in both farming and industrial production. However, there were more disadvantages: First, the enterprises were operating in a closed condition; second, they were widely scattered; third, it was hard to control industrial pollution; and fourth, there was a serious degree of duplicated production and competition remained at a low level, even causing serious waste.

The construction of small cities was not well planned and coordinated. At present, most rural towns with comparatively developed industry and commerce in the coastal provinces have been developed into small cities. In some areas, small cities and towns have been linked up. However, the size of most such cities is still too small, so the scale of the urban districts uneconomical. They require huge investment in the construction of infrastructural facilities but their utilization rate is rather low and too much land is occupied.

The nonfarming population is now migrating between cities and the countryside. They have their native residence in the countryside and still undertake the land contracts but they work and live in cities and towns. They possess the means of production and livelihood both in their native rural areas and in cities. On the one hand, they have no interest in engaging in farming production or no longer have the ability to do so; on the other hand, they cannot gain the same status as urban residents.

In order to promote the healthy development of the rural economic communities, we must give guidance to the development of the nonfarming industries in the countryside and should combine this with the construction of small cities. In practice, we should explicitly adopt the following guidelines: First, remove the constraining factors and create a policy environment which can naturally effect the "combination." Second, the "combination" mainly relies on the full use and proper transformation of existing small cities, and also on the development of new small cities according to scientific plans, so that their layout is reasonable and their development is orderly. Third, the "combination" is not aimed at concentrating the scattered nonfarming industrial projects, because this is unrealistic; instead, it is mainly aimed at concentrating new projects in the future. Fourth, the "combination" should not only be effected between the nonfarming industries and the small cities but also between the nonfarming population and the small cities.

#### **Giving Positive Guidance to the Combination**

Giving guidance to the combination between the development of the nonfarming industries and the construction of small cities is of great significance in many aspects:

1. This will quicken the development of the tertiary industry and will shift more surplus labor force from farming to other industries. In the last more than 10 years, various nonfarming industries have made substantial development in the countryside with the rise of

the township and town enterprises. In 1992, such industries employed 106 million rural working people. At present, there are about 170 million surplus working people in the rural areas, equal to the total urban population of the 517 cities in the whole country. In future, the meaning of the term "local employment" should be broadened. In the past, "local" mainly referred to people's native places; henceforth, "local" should go beyond people's native places. Facts show that the tertiary industry can absorb a much larger quantity of the work force than secondary industry; and the main supporters of the tertiary industry are cities and towns. That is to say, small cities should have a much stronger capacity to absorb the surplus labor force in the countryside.

2. This will create more favorable conditions for farming operations on an appropriate scale and thus make a new leap in agricultural production. Henceforth, in order to raise our country's agricultural production, especially grain production, to a new stage, we shall have to solve the problems caused by an excessive number of peasants and the small area of farmland in per capita terms.

3. This will mitigate the pressure caused by the surplus rural labor force on the large and medium cities. In current social and economic circumstances, the household registration system for permanent residence is no longer effective in restraining peasants from moving into cities. The sole method is to give more effective guidance to the population movement and actively encourage the combination between the development of the nonfarming industries and the construction of small cities. While developing nonfarming industries, the rural areas can also develop small cities which will become "huge sponges" absorbing a large number of surplus working people from agriculture. This should be the most realistic method suited to the national conditions.

4. This will promote family planning and reduce the natural population growth and thereby enhance the quality of the population. Family planning can be promoted among peasants who have moved into cities, thus reducing the natural population growth; on the other hand, through their marriages, peasants can be connected to the urban population and the higher educational level and this will promote the enhancement of the population quality.

5. This will economize on land and construction funds. As the nonfarming industries in the rural areas are relatively concentrated and are developed on large stretches of land according to unified plans, the outlay will become more reasonable. The enterprises may share the same public utilities. This will economize on the use of land and save more funds for the construction of infrastructural facilities.

6. This will enhance civilization and promote social progress in the rural communities because the development of the cultural, educational, scientific, technological, and public health undertakings is all preconditioned by the relatively concentrated residence of the people.



### Backup Policies and Measures

In order to promote the combination between the development of nonfarming industries and the construction of small cities, it is proposed that backup reforms and corresponding policies be gradually adopted mainly in the following aspects:

The household registration and permanent residence policy. The policy for managing peasants' permanent residence and resettlement should be made more flexible so that peasants are allowed to move to small cities after they meet certain requirements. In general, the scope of such free movement can be extended to county towns or towns below the county level. The general principle is to keep large and medium cities stable and to develop small cities and small towns; the purpose is to promote common socioeconomic development. Policies in this regard may be formulated by various provinces, autonomous regions, and municipalities according to their conditions under the guidance of the state's general arrangements.

The land policy. There should be a system for strictly examining and approving the use of land for the development of nonfarming districts and for the construction of small cities. The use of land should be planned by the local governments who should also requisition, develop, and distribute it. Land distribution can adopt such forms as signed contracts, invited tenders, or auctioned. Different prices should be fixed on land used for different purposes, such as industrial, commercial, and residential purposes. Favorable land prices may be given to peasants trying to start industrial and commercial businesses in the new districts for planned development. Peasants who have settled down in small cities, and those who have changed their status into the nonfarming population, should be required to return the land that was previously contracted to them for farming production and the land contracts should be terminated. The farmland should be contracted to other people for management by the rural collectives. Peasants should be allowed to freely purchase commercial housing in small cities and towns without any restrictions. Economic means, such as requisitioning land, raising land use fees for township and town enterprises, or exchanging land, can be used to encourage and prompt the existing township and town enterprises which are scattered widely to move to certain well-planned districts or small cities to seek more concentrated development.

The social policy. Mass self-management organizations such as residents' committees should be set up in small cities, as should social service organizations providing community services and job placement services. The management of the permanent and migrating population should be strengthened. Various social security networks covering a broad scope of the population should be set up according to the characteristics of the small cities. The social security programs in small cities should be included in their overall socioeconomic development plans and should be joined by enterprises under all

different ownership systems and by all workers employed under different conditions.

The financial policy. The income from selling the land use rights and the profits made from the real estate development projects in small cities should be used for the construction of small cities. The rate of taxes for maintaining urban utilities in small cities should be appropriately enhanced and the tax revenue should be completely used for the construction of infrastructural facilities in the same cities. Public utilities should be run as enterprises and those who make investment in public utilities should gain returns, as the public utilities are used on a paid basis. Residents moving into small cities should first pay a certain amount of construction fees and this money can be refunded in later years. The banks should give financial support to the construction of small cities by offering favorable terms.

Measures: Strengthening the planning, management, and guidance of the county (city) governments. The county-level (city-level) planning, management, and guidance should achieve the following ends: First, overcome the narrow-minded parochial mentality and remove the obstacles of rural administrative districts to the "combination." Second, make unified planning for the "combination" in the scope of a county (city), thus preventing the excessively scattered distribution of township and town enterprises and also preventing ill-coordinated "combination," which can lead to the appearance of excessive small industrial districts and small cities.

Being the upper authorities of the townships and towns, the unified planning and management by the county (city) governments can achieve better results.

### Many New Cities Emerge Throughout Nation

OW1202225594 Beijing XINHUA Domestic Service in Chinese 0127 GMT 7 Feb 94

[By reporter Jiao Ran (3542 3544)]

[Text] Beijing, 7 Feb (XINHUA)—Taking the floor at the recent "International Symposium on Rural Reform and Development in China in the 1990's," Li Qitie, chief of China's first "Peasant-Built City"—Longgang Town in Wenzhou, Zhejiang—proudly reported that his town, built by 6,000 peasants 10 years ago, now has a population of 135,000 people, its industrial output is approaching 2 billion yuan, and its secondary and tertiary industries employ over 10,000 peasants each year on average.

The 140 or so Chinese and foreign scholars at the meeting spoke highly of the town's great achievements, saying it is a path China can follow in urbanizing its rural areas, and that it is also a great way in which the hundreds of millions of peasants contribute to China's economic and social modernization during the course of reform and opening up.

According to the Ministry of Construction, ever since the adoption of the reform and opening up policy 15 years ago, 14,458 small towns (including county seats and towns with established administrative organizations) with the necessary infrastructure—such as water and power supply systems, roads, economic facilities, cultural and educational facilities, and health services—have emerged in both the north and south of China, and in areas inside and outside the Great Wall, whereas there were only 2,894 such cities in 1979. According to the information, the total population of small towns in the country (not including county seats) has reached 150 million, including 100 million people whose domiciles are not registered in these towns. Moreover, close to 40,000 new market towns (townships and villages where village enterprises are developed), which have services comparable to those in cities, have emerged in rural China.

Township and town enterprises have served as the powerful "afterburners" of this urbanization. As result of the tides of industrialization, which have gone on in coastal areas and in the suburbs of large and medium cities for more than a decade, factories, highways, telephones, banks, insurance service, modern commercial business, hospitals, schools, and various other things representing industrialization and urban civilization have appeared in these thriving small towns. This development is particularly conspicuous in the Zhu Jiang and Chang Jiang deltas, the Jiaodong peninsula, and the Liaodong peninsula. The historical opportunities created by reform and opening up have changed Zhongshan, Shunde, Nanhai, and Dongguan in Guangdong from ordinary small county seats in the past into medium size cities with modern industries, commerce, banking services, communications, telecommunications, medical health services, and cultural and educational facilities. Because their economic growth is higher than in the "four little dragons" of Asia, the development in these cities has been described as an economic miracle in China. Some townships and towns have also developed into new cities around these cities. Although administratively they are still called towns, these towns have long-distance telephone and express postal services, bus services, commercial centers, and other services peculiar to modern cities. Their urbanization has far exceeded the level of county seats in the past.

The urbanization in the Chang Jiang delta is comparable with that in the Zhu Jiang delta. Because modern industries and commercial businesses have put down roots, blossomed, and borne fruit in thousands of famous and ancient towns in areas south of the lower reaches of the Chang Jiang, the peasants there can now enjoy modern living without having to leave their hometowns. Moreover, these small towns' economic activities have reached beyond provincial boundaries. The industrial output yielded by Shengze Town in Jiangsu's Wujiang City has exceeded 5 billion yuan, and the town has become one of the four major silk capitals in China. The many highways criss-crossing the rural areas have linked

these small but industrially and agriculturally developed towns with Shanghai, Nanjing, Hangzhou, Suzhou, Wuxi, Changzhou, Yangzhou, Shaoxing, and other large and medium cities, forming new urban belts in which rural and urban areas supporting each other in their quest for development.

What surprises people is that, because of the industrialization in rural areas, many sparsely populated hamlets in the past have now become new towns on the map of the republic. For example, Bashan in Shandong's Zibo City used to be a small village with only 1,000 or so villagers prior to reform. Its per capita income was only a little more than 100 yuan. Now the village has a new name—Wantongde Corporation, Ltd.—and the industrial output yielded by its 27 factories and 12 foreign-funded enterprises has exceeded 500 million yuan. In this village, there is the Wanjie Hospital, a world-class hospital built with Chinese and U.S. funds, secondary vocational schools, shopping malls, and guesthouses. Some scholars call these places—which are villages in name but small towns in fact—"village-class towns," and there are tens of thousands of such "village-class towns" in China.

The economic development in ancient towns with relatively developed communications services in Northwest and Southwest China has also been revitalized as result of reform and opening up. Fenglingdu by the Huang He and Linxia on the loess plateau have again distinguished themselves as ancient towns. Thanks to thriving border trade, small towns located along the China's long borders have also found their opportunities for development.

Economic experts say that, as peasants have created for themselves the opportunities and space for development, they have blazed a practical way for China to create jobs for surplus laborers in rural areas, to modernize agricultural production, and to develop the rural market.

The transfer of surplus manpower is a formidable issue which rural areas in China have to confront in their economic development. According to estimates, by the end of this century, over 100 million surplus laborers will be transferred from the agricultural sector. The development of small towns not only can help improve the environment for the development of town and township enterprises and accelerate the modernization process of the rural economy, but also can alleviate the pressure created by the flow of peasants into large and medium cities. If each small town can absorb 2,000 peasants over the next five years, 50,000 towns can absorb 100 million people. Thus, the state is attaching great importance to the development of small towns and has started planning to reform the system governing domicile registration in small towns to facilitate the hundreds of millions of peasants to work and do business in cities.

**Preface to Book on 'Star' Towns, Farms**

HK1202083194 Beijing NONGMIN RIBAO in Chinese  
18 Jan 94 p 1

[Preface to the book *Shining Stars: China's Star Villages, Townships, Towns, and Farms* by the author Chen Junsheng [7115 0193 3932], excerpted by NONGMIN RIBAO: "Summarize Experience and Set Examples"]

[Text] After the founding of New China, especially after the Third Plenary Session of the 11th CPC Central Committee, the extensive rural grass-roots organizations in China, namely villages, townships, towns, and agricultural, forestry, animal, and fish farms, earnestly carried out the basic line and rural principles and policies of the party, took care of both material and spiritual civilizations, and led the masses in deepening reform, developing the economy, and getting rich together. A batch of townships, towns, and farms achieving rapid economic development, that are making hundreds of millions and even billions of yuan per year, has appeared. These advanced models have written magnificent praise of the reform and opening up policies of the party, and set new examples for the further development of rural China.

China is an ancient country with a long history of civilization. The formation and development of villages, townships, towns, and farms in China went through a long process. According to relevant historical material, villages formed during the Paleolithic period at the beginning of primitive society. The original meaning was "several families facing the water naturally forming a village." In order to hunt animals and prevent invasion from outside, primitive groups settled around forest streams, and that formed the prototype of villages. After man turned from hunting to animal husbandry, farming, and a settled life, numerous villages appeared.

Townships and towns are the result of village development. With the development of productive forces, a surplus was produced and slave society farms appeared. The location of some large slave owners became the political, economic, and cultural center of surrounding villages, i.e., the township. As the grass-roots administrative institution, the township can be traced back to the pre-Qin ancient book *Zhouli* [a Confucian classic]. But as real grass-roots administrative institutions, townships germinated during the Spring and Autumn Period, took shape during the Warring States Period, and reached their final form during the Qin Dynasty. The town is the result of the division of labor between villages and the development of a market economy, and appeared much later than the township. As a state administrative unit, towns first started during the reign of Northern Wei Emperor Xiao Wen Di. But what can really be called the prototype of the town did not appear until the Tang to Ming and Qing period. Agricultural, forestry, and animal farms germinated during the early years of the Republic of China, and large numbers of farms were set up after liberation.

China currently has 804,153 administrative villages and 58,185 township and towns. Among these, 43,660 are townships, 2,421 are national minority townships, 11,882 are towns, and 222 are national minority towns. There are 2,149 state-owned farms, 4,212 forestry farms, and 8,200 state-owned and collectively owned animal farms. With reform and opening up, a batch of star villages, townships, towns, and farms appeared. According to 1992 statistics, the number of villages with total industrial and agricultural output value exceeding 100 million yuan reached 430. Among them, the output of 10 villages exceeded 500 million yuan, and that of 70 exceeded 200 million yuan. There were 4,257 townships and towns whose total industrial and agricultural output value exceeded 100 million yuan. Among them, 55 exceeded 1 billion yuan and 10 exceeded 2 billion yuan. There were 125 agricultural farms with total output exceeding 100 million yuan, among which 9 exceeded 500 million yuan. There was one forestry farm whose total output exceeded 100 million yuan.

Although these star villages, townships, towns, and farms are still a minority among all the villages, townships, and towns, and their proportion greatly differs in different places—among villages they only occupy 0.00053, among township and towns they occupy 0.073, among agricultural farms they occupy 0.049, among forestry farms they occupy 0.024, and among animal farms they occupy 0.018—however, they are like glistening pearls distributed all over China, shining on the extensive land, attracting and encouraging the hearts of 800 million farmers, and making 300 million city dwellers look at them in a new light.

The reform and opening up of more than a decade is but a moment in the long river of time. What has enabled these star villages, townships, towns, and farms to take an early start, to cross over the stage of having enough to eat and wear and advance toward the well-off stage, and to climb into the international economic arena? What characteristics and secrets do they have? The book *Shining Stars* has selected over 500 villages, townships, and towns, and over 200 farms. The book has approximately 2.7 million characters (with over 1,500 photographs). All those selected are the best in current reform, opening up, and the construction of two civilizations. Their practice answers the questions people are concerned about.

These star villages, townships, towns, and farms basically have the following characteristics: 1) They grasp opportunities with an emancipated mind, and create miracles in pioneering and advancing; 2) they rely on their own resources for survival, and work hard to seek development; 3) they begin from reality and come up with their own road for developing the local economy; 4) they respect knowledge and talent, and become rich by relying on science and technology; 5) they take the market as their orientation, adjust the structure of their industries and products in a timely manner, and take the road of industrializing the countryside.



Another characteristic of these star villages, townships, towns, and farms is that they do not blindly seek output value and speed. This point is very important. To develop township enterprises one must forcefully push forward technological reform and scientific management and develop brand-name good-quality products and products with high added-value and high-technology content—products that can yield high foreign exchange earnings. One must pay attention to product quality and strictly ban fake and shoddy goods. On no account must one seek product value and speed blindly. On the contrary, one must actually raise economic efficiency. These they have all done well. They have also strengthened the building of the party, and given full play to the function of grass-roots party organizations as a fighting force and the exemplary vanguard function of party members. The key to the success of star villages, townships, towns, and farms is in having a good leading body, especially a good leader. It is because they have a large number of hard-working, self-sacrificing socialist grass-roots leaders that these formerly poverty-stricken villages, townships, towns, and farms are able to emerge in intensive market competition, under the heavy onslaught of the commodity economy, and first realize “well-off” standards and get rich, becoming brilliant stars in the land of China.

Sparks of fire can spread all over a grassland. We wish for the old star villages, townships, towns, and farms to continue to progress, and we hope more new stars will appear!

#### Transnational Corporations Increase Investment

HK1002091194 Hong Kong MING PAO in Chinese 8  
Feb 94 p a8

["Special article" by Szu Liang (2448 5328): "Transnational Corporations Speed Up Investment in Mainland China"]

[Text] Since China shifted the focus of its policy for attracting foreign investment to the fields of energy, transportation, telecommunications, and new materials, many famous transnational corporations became more active in the investment market on the Chinese mainland, and this has quickened the pace of convergence between the Chinese and world economies.

According to reports from Beijing, Shanghai, Tianjin, Guangzhou, Shenzhen, and Ningbo, many transnational corporations have invested in local basic industry projects and high-tech projects. Last year, more than 10 transnational corporations launched investment projects in Beijing, and large projects exceeding \$10 million each numbered more than 200. Shanghai has signed more than 200 project agreements with more than 120 transnational corporations. One-third of the world's 100 largest corporations have made investments in Shanghai. The investment by transnational corporations in Ningbo exceeded \$6 billion, and large projects exceeding \$10 million each numbered more than 40. The number and

size of investment projects in Tianjin, Guangzhou, and Shenzhen also has increased substantially.

In recent years, hundreds of internationally famous transnational corporations made investments on the Chinese mainland. These include Motorola, General Motors, IBM, Xerox, Concord [xie he 0588 0735] Johnson and Johnson, Exxon, and Morgan [mo gen 2302 2704], of the United States; Unilever and Pilkington Brothers [pi er jin dun 4122 1422 6855 7319], of Britain; Volkswagen and Siemens, of Germany; Mitsubishi, Mitsui, Sony, Seibu, Ito-chu, and Kumagai Gumi, of Japan; Bell, of Belgium; Phillips, of the Netherlands; and Zhengda [2973 1129], of Thailand; as well as some transnational corporations based in Taiwan and Hong Kong. The transnational corporations that have taken quick action first set up some small and intermediate-sized enterprises and also sought new opportunities for major investment projects. Many large corporations have planned to launch major investment projects in the fields of petroleum, car making, the chemical industry, and shipping, and have worked out long- or intermediate-term investment plans. For example, the three large oil companies—Texaco, Shell, and Exxon—have participated in offshore oil development projects in the East China Sea. A U.S. corporation planned to invest 10 billion yuan in China's petrochemical industrial, radio communications, and shipping projects. Japan's Mitsubishi Heavy Industries and Kawasaki Heavy Industries, and the U.S. Boeing Corporation have cooperated with China's aviation industries in manufacturing YSX passenger planes. Hong Kong's Hutchison Whampoa has invested over 10 billion yuan in developing Shenzhen's Yantian Port and Shanghai's container terminal.

The transnational corporations are making huge long-term investments in China mainly because they are attracted by the tremendous market potential and the lasting economic charm of the Chinese mainland. In the past 15 years, although foreign investors have signed investment agreements with a total value of \$200 billion, the foreign-funded enterprises still account for a very small proportion of China's national economy. The yearly foreign investment accounts for only 2.2 percent of China's aggregate investment. On the other hand, the cumulative investment made by transnational corporations in China accounts for only 1 percent of their overseas investment. At present, the more than 50 U.S.-based transnational corporations that have made investments in China account for only one-tenth of the more than 500 transnational corporations in the United States. China still needs funds and technologies in many fields of development, and still has great potential for attracting foreign capital. Transnational corporations may have a vast market in China.

Since last year, in order to strive to join GATT and to converge with international practice, the Chinese Government has unified the foreign exchange market, and has partly opened China's domestic market. The policy for attracting foreign investment also has been gradually adjusted and perfected in order to attract transnational

corporations to set up their Asian or Asia-Pacific regional headquarters inside the Chinese mainland and to encourage foreign investors to invest in high-tech and capital-intensive projects. Foreign companies now are allowed to set up investment corporations and joint-stock companies in China. The scope of opening up to foreign investment also has been broadened. All this has opened up various new channels for transnational corporations to invest in China.

### **Pharmaceutical Industry Prepares for Competition**

HK1402070094 Beijing CHINA DAILY in English  
14 Feb 94 p 2

[By Qiu Qi: "Medicine Firms Must Gear Up for Competition"]

[Text] China's pharmaceutical industry will have to gear up if it is to compete with foreign companies on the domestic and world markets, according to the Ministry of Public Health.

Imports totalled \$600 million last year, up by \$100 million on the previous year and almost twice 1991's figure, according to ministry statistics.

And China's re-entry into the Gatt (General Agreement on Tariffs and Trade) will bring a lot more sophisticated foreign medicines onto the home market in direct competition with domestic products, said the ministry.

Imported medicine accounted for 7-10 per cent of the domestic medicine market last year. And joint venture products claimed a 35 percent share.

"Imported medicine may bring in products that domestic plants cannot manufacture and enhance our pharmaceutical technology," the ministry spokesman said.

Over 2,000 foreign medicines have been submitted for official approval since the registration system for imported medicine was set up in 1987.

About 400 applications have been approved so far.

"Joint ventures have played a big role in increasing China's medicine production," the spokesman said.

Xian-Janssen Pharmaceutical Limited, China's biggest pharmaceutical joint venture, reported sales of 820 million yuan (\$94.3 million) last year, 150 million yuan (\$17 million) up on 1992.

The figure is almost that of China's largest domestic company, North China Pharmaceutical Plant, which reported 1 billion yuan (\$115 million) sales last year.

About 60 per cent of China's one thousand plus joint ventures are engaged in medicine production.

Most of the pharmaceuticals imported were for the treatment of blood and digestive system diseases cancer

and everyday infections. Antiinfection medicine accounted for 30 percent of imports.

China's pharmaceutical output hit 72 billion yuan (\$8.3 billion) last year, a 13 per cent increase over 1992.

Medicine products accounted for a solid 70 percent of total output.

Exports from China's largest State run medicine trader, China National Medicines and Health Care Products Import and Export Corporation, reached \$78 million last year.

### **Article Views Civil Aviation Transport Network**

HK1402101294 Beijing RENMIN RIBAO in Chinese  
6 Feb 94 p 2

[By Pang Jianjing (1690 1696 0079): "China's Civil Aviation Transport Network Takes Shape"]

[Text] Three major civil aviation groups in China—the Eastern, Southern, and International Airline Groups—were successively founded by the end of last year, thus marking the formation of our country's civil aviation transport network, which was started with the founding of the China Southwest Airline on 15 December 1987. Up to the end of 1993, there were more than 340 registered large and medium aircraft (each with over 100 seats).

The greatest changes brought by the initial formation of our country's civil aviation transport network are the transition from a sellers' market to a buyers' market in passenger air transportation. By the end of 1986, the number of passenger seats provided by the mainland civil aviation industry exceeded 15,400; there were 288 domestic and international air lines; and the total mileage served reached 1.548 billion metric ton km. At that time, passengers found it very difficult to buy air tickets, and some did not hesitate to buy second-hand tickets from ticket scalpers at high prices. By 1993, the number of passenger seats provided by the mainland civil aviation industry exceeded 50,000, an increase of 230 percent over that of 1986. There were over 610 domestic and international airlines, and the total mileage served reached 5.2 billion metric ton km. Today, passengers can easily buy air tickets, and sometimes they can choose from a number of flights. According to statistics, the average passenger seat utilization rate in 1986 was 89.7 percent, whereas the average passenger seat utilization rate in 1993 was 72.4 percent. The formation of a buyers' market led to the real beginning of competition among various airlines. The prime concern of safety, high-quality services, flights that depart and arrive on schedule, and replacing the fleet with new models of aircraft are important chips which airlines can use to solicit passengers.

The rapid development of airlines also caused some difficulties and problems: The quantity of large aircraft is increasing too quickly and there is a lack of pilots,

particularly high-quality pilot trainers; there is not enough time for technological development due to frequent refits; and the standard of service provided by the ground crew and aviation control personnel demands prompt improvement—the whole contingent must be strengthened. The departments and leaders concerned have attached great importance to these problems.

### Ministry Issues Rules for Scrap Metal Industry

HK1102011094 Beijing FAZHI RIBAO in Chinese  
29 Jan 94 p 2

["Regulations for Public Security Management of the Scrap Metal Purchasing Industry" (Promulgated by the Ministry of Public Security on 25 January 1994)]

[Text] Article 1: These regulations are formulated to step up public security management of the scrap metal purchasing industry to protect lawful operations and guard against and crack down on illegal and criminal activities.

Article 2: The scrap metal mentioned herein refers to both productive and nonproductive scrap metal. The specific classification of the two types of scrap metal is decided by the Ministry of Public Security together with relevant departments.

Article 3: According to relevant regulations formulated by the State Council, productive scrap metal is purchased by those enterprises which are so entitled. Other enterprises and self-employed industrial and commercial operators are only allowed to purchase nonproductive scrap metal.

Article 4: Any enterprise planning to do business in productive scrap metal purchasing must receive the approval of the department responsible for the business, apply to the public security organ of the local county people's government for a special trade permit, register with the department in charge of industry and commerce at the same level, and collect a special trade permit and business license, before it can start business.

Any self-employed industrial and commercial operator planning to do business in nonproductive scrap metal purchasing must register with the department in charge of industry and commerce under the local county people's government, collect a business license, and report to the public security organ for the record, before he can start business.

Article 5: Enterprises purchasing scrap metal must have fixed operational places. Self-employed industrial and commercial operators purchasing scrap metal must possess local permanent domiciles or temporary domiciles.

Article 6: If any enterprise or self-employed industrial and commercial operator purchasing scrap metal decides to close down, or suspend their operations, or merge with other units, or move, or change its name, or appoint a new legal representative, they must go to the public security organ which issued the certificate, or the public

security organ to which they reported for the record, to go through the necessary procedures to write off the name or to make a change in the registry; they must also go to the department in charge of industry and commerce for the same purpose.

Article 7: No purchasing centers are allowed to be set up near railroads, mining areas, oil fields, ports, airports, construction sites, restricted military zones, or smelting or processing enterprises.

Article 8: When purchasing scrap metal, the enterprise must examine the certificate produced by the selling unit and note down its name; the name, address, and identity card number of the agent from the selling unit; the name, quantity, and specifications of the scrap metal purchased; and the degree to which the metals are worn out.

Article 9: No enterprise or self-employed industrial and commercial operator is allowed to purchase the following items:

1. Firearms, ammunition, or explosives.
2. Highly poisonous or radioactive materials and their containers.
3. Special equipment or materials for railroads, oil fields, power supplies, telecommunications, mines, water conservancy projects, measurement devices, and urban public facilities.
4. Stolen goods being traced by the public security organ or goods suspected of being stolen.

Article 10: If any enterprise or self-employed industrial and commercial operator discovers any goods being traced by the public security organ or goods suspected of being stolen, they should immediately report to the public security organ.

The public security organ must confiscate stolen goods or goods suspected of being stolen and make out a receipt. Goods suspected of being stolen must be returned to the owner in due time if an investigation shows they have not been stolen; stolen goods or goods suspected of being stolen must be dealt with according to state regulations if an investigation proves they have been stolen.

Article 11: The public security organ must check on those enterprises and self-employed industrial and commercial operators engaging in purchasing scrap metal and give them professional guidance with respect to public security. The enterprises and industrial and commercial operators must help public security officers identify and penalize criminals and reflect things as they really are. They must not conceal what they know about a case, hide the facts, harbor evildoers, or cover up their evil deeds.

Article 12: The public security organ examines annually the purchasing enterprises engaging in purchasing scrap metal which have been granted a special trade permit.



Article 13: Anyone violating any of the following regulations shall receive corresponding punishment from the public security organ.

1. Those purchasing scrap metal before collecting a special trade permit in breach of Article 4, Section 1 [as published] above will be banned. Their illegally purchased items and illegal proceeds will be confiscated; and they will pay a fine of from 5,000 to 10,000 yuan.

2. Those purchasing scrap metal before reporting to the relevant authorities for the record in breach of Article 4, Section 2 [as published] above will be given a warning and pay a fine of not more than 500 yuan.

3. Those failing to go to the public security organ to write off their names and make a change in the registry in violation of Article 6 above will be given a warning and pay a fine of not more than 200 yuan.

4. Any purchasing center illegally established in breach of Article 7 above will be banned; its illegally purchased items and illegal proceeds will be confiscated and it will pay a fine of from 5,000 to 10,000 yuan.

5. Those failing to accurately record up the productive scrap metal they have purchased, in violation of Article 8 above, will pay a fine of from 2,000 to 5,000 yuan according to the seriousness of the case; they will be ordered to suspend operations and their special trade permit will be revoked.

6. Those buying metal items which should not have been purchased, in breach of Article 9 above, will pay a fine of from 2,000 to 10,000 yuan according to the seriousness of the case; they will be ordered to suspend operations and their special trade permit will be withdrawn.

Anyone found guilty of actions described in paragraphs 1, 2, 4, 5, and 6 under Article 13 above will be investigated to determine the criminal liability.

Article 14: Anyone who finds the public security organ's specific administrative action unacceptable is allowed to apply to the public security organ at the immediate higher level for reconsideration within 15 days after he learns of the administrative action; if he refuses to accept the decision made by the higher public security organ, he can appeal to the people's court within 15 days after he receives the decision.

Article 15: Units or individuals which have distinguished themselves in rigorously enforcing these regulations and in helping the public security organ identify offenders will be commended and rewarded by the public security organ.

Article 16: A unified sample of the special trade permit will be designed by the Public Security Ministry and printed by provincial, autonomous regional, and municipal public security departments (bureaus). The charge for the special trade permit to cover the production cost will be fixed by the Public Security Ministry and relevant departments.

Article 17: These regulations are effective the day they are published.

### Daily Views Reform of Residence Registration System

HK0702065094 Beijing RENMIN RIBAO in Chinese  
31 Jan 94 p 2

["Random Talk on Rural Economy" column by staff reporter Xia Jun (1115 8823): "Significance of the Reform of Residence Registration System in Small Cities and Towns—Departments Concerned Are Working Out Specific Methods of Operation"]

[Text] The following remarks were in the "Decision on Some Issues Concerning the Establishment of a Socialist Market Economic Structure," which was approved by the Third Plenary Session of the 14th Central Party Committee: "We should...gradually reform the residence registration system in small cities and towns, allow peasants to work in factories or do business in small cities and towns, develop rural tertiary industries, and promote the transfer of a rural surplus labor force to other fields of endeavor." These few words are of vital strategic significance to accelerating the process of urbanization in rural areas in our country.

As indicated by the history of the development of modern society, urbanization is a worldwide historical trend. In the early 19th century, the urban population merely accounted for three percent of the total population of the world, and the figure was elevated to over 14 percent in the early 20th century and to 42 percent in the 1980's. According to the forecast of concerned UN organizations, by the end of this century, 50 percent of the world population will live in cities. However, the level of urbanization in our country (merely 28 percent or so) is relatively low in the world; it is not only lower than that of developed countries (80 to 90 percent) but also lower than that of developing countries (40 percent).

Compared with non-agricultural industrial development, the development of cities and towns in our country is also quite backward. As far as the GNP of our country is concerned, the proportion of non-agricultural industries increased from around 40 percent in the early days after our country's founding to around 75 percent in 1992, but basically 80 percent of the population still lived in rural areas and there was hardly any change in this pattern. As far as rural areas are concerned, the proportion of non-agricultural output value to the gross output value of rural society increased from 30 percent in 1978 to 60 percent in 1992. However, the scattered rural population did not decrease, rather more and more people live in rural areas.

Concerned experts point out that backwardness of the process of urbanization in our country had caused three adverse effects.

First, it is impossible to have normal development of tertiary industry and to have economic benefits on a

large scale which should be brought about by a large scale of economic development. In other words, it is impossible to merely promote the development of tertiary industry while leaving aside the process of accelerated urbanization because such a move will cause even more new problems.

Second, apart from bringing prosperity and wealth to the rural economy, the rise of township and town enterprises also causes new "rural diseases," which is markedly reflected by over-scattered distribution of township and town industries. In 1992, there were 2,079 township and town enterprises throughout the country with more than 1,900 of them scattered in natural villages. Due to over-scattered distribution of township and town enterprises, there are three kinds of uneconomic phenomena, that is, uneconomic use of land, uneconomic scale of production, and uneconomic freight, and it is unfavorable to devoting every effort to tackling pollution and repetitive low-quality construction, thus causing great waste of resources and funds. The greater the development of township and town industries under the condition of backward urbanization, the greater the waste.

Third, the ability of our industrial structure, in the process of readjustment, to absorb surplus agricultural labor is weakened. Data indicate that with rapid development of township and town enterprises in our country in recent years, the ability to absorb surplus agricultural labor has declined rather than improved.

The pace of construction of small cities and towns has been accelerating since we started implementing the policy of reform and opening up more than a decade ago. Peasants in many places who have become rich set off an upsurge of "urban construction," thus leading to the emergence of a number of "peasant cities" which resemble the one built up by peasants in Longgang Town, Cangnan County, Zhejiang. A large number of peasants have gone to cities and towns to work and run businesses there. Up to 1993, a total of 116 million peasants worked in township and town enterprises. However, due to the restrictions of the residence registration system, peasants who have gone to towns and cities for work and business still belong to the category of "agricultural residence," thus forming a marginal strata who live in both cities and townships, but are "neither city dwellers nor peasants." Their registered residence is in villages, which are their ancestral homes, and they contract rural land, but they work and spend their daily life in cities and towns. They have means of production and daily necessities in villages as well as in cities and towns. On the one hand, they are not in the mode of or not capable of engaging in agricultural production; but, on the other hand, they cannot have the same identity and enjoy the same treatment granted to residents in cities and towns.

We originally divided people's registered residences into two categories, that is, "agricultural residence" and "non-agricultural residence." The main purpose was to control the size of large cities and tried to decrease the

number of people eating commodity grain. Hence, "non-agricultural residence" became the first gate of controlling the influx of peasants into cities and towns. In the past, this gate really played a role of control because even if you entered a city or town, you could not buy food, find a job, rent a house, and your children could not enroll in any nursery or school if you did not have registered residence in cities and towns. Once you were discovered, you would be repatriated to your village. At that time, apart from taking risks in daily life, peasants who went to cities had to take political risks and bear the pressure of the media. However, this kind of situation has changed a lot since we started implementing the policy of reform and opening up more than a decade ago. Peasants without registered residences in cities and towns can also buy food, find jobs, rent houses in cities. As long as they pay a certain amount of "support fees," their children can also enroll in nurseries and schools. Moreover, the media is more and more lenient towards peasants entering cities. In reality, under the present social and economic circumstances, the residence registration system must be revised accordingly.

It is better to dredge a river than to block it. The defects of the current residence registration system, which are more and more clearly exposed, have become a severe barrier hindering reasonable mobility of talent and labor. The fact that people cannot select their places of residence according to their own needs of production and management has, for a long time, hindered development of many small cities and towns with superiority in location, and this is one of the reasons why our country lags behind in the process of urbanization. At present, most of the provinces and municipalities have abolished the system of state monopoly for the marketing of grain for city dwellers, thus creating extremely important conditions for reforming the existing residence registration system. The "Decision" of the Third Plenary Session of the 14th Central Party Committee addressed the issue of "gradual reform of the residence registration system in small cities and towns" and it was a timely move which seized the opportunity. "Gradual reform of the residence registration system in small cities and towns" will help smash the old system which broke up cities and townships, arouse peasants' enthusiasm for living and running business in cities, and converge it with the potential of funds owned by peasants to build a new style of small cities and towns, develop tertiary industry, and accelerate the process of urbanization in accordance with the pattern of a market economy.

The ministries of public security, construction, and agriculture, and the State Commission for Restructuring the Economy are investigating and studying the concrete method of reforming the residence registration system in small cities and towns, and certain concrete issues are being discussed. However, they already have a consensus on major principles, that is, they should take the method of vigorously implementing the reform and achieving goals step by step. The final objective is to wipe out the difference between "agricultural residence" and "non-agricultural residence" and to remove the barrier which

hinders reasonable mobility for people in cities and in townships. However, this is a relatively long process of social and economic development, we cannot be impatient for success. As proved by historical lessons, no matter what undertakings we engage in, it does not work if there is only a sense of urgency. We must also have a down-to-earth style of work, otherwise haste will make waste.

#### Mobile Phone Market Sees 'Explosive Growth'

HK1402063294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Feb 94 p 4

[By Xie Liangjun: "A Ringing Success: Cellular Phones Catching On"]

[Text] In Beijing, one must pay 20,000 to 30,000 yuan (\$2,300 to \$3,450) to buy a cellular phone at a telecommunications business centre.

On the black market, one must pay as much as 40,000 yuan (about \$4,600) for one. Moreover, "back door" channels must be used to get this mobile phone as soon as possible.

But such hurdles aren't stopping a growing number of people from planning to buy a mobile telephone, a symbol of affluence and status.

According to the latest statistics from the Ministry of Posts and Telecommunications, by the end of last year China had 638,000 mobile telephone users, 2.7 times the number in 1992.

Sources in the ministry say that in 1993 alone, the number of mobile phone subscribers grew by 461,000.

The ministry, encouraged by spectacular expansion of the whole postal and telecoms network, has revised its previously-outlined development targets for mobile telephone service.

According to the new targets, the number of mobile phone users will rise to between 900,000 and 1 million by 1995, instead of the previously projected 500,000. This figure will jump to between 4.5 million and million by the end of the century.

The explosive growth in mobile telephone services, spurred by the country's rapid economic growth, has created much excitement among overseas manufacturers. They know that about 90 percent of China's mobile phones and related equipment are imported.

The market is now dominated by products made by such telecoms giants as Motorola Inc of the United States, and NEC Corp and Mitsubishi of Japan.

To meet this burgeoning demand the ministry is encouraging local telecoms administrations to expand their mobile phone networks.

In Beijing, the mobile telephone system is being expanded markedly a process that should be completed in June.

An official with the Beijing Telecommunications Administration said the plan is to accommodate an additional 60,000 subscribers and extend coverage to suburban counties. To accomplish this, a mobile phone switching system will be installed and 16 base stations will be built.

By the end of last year, Beijing had 31,563 mobile phone users, compared with about 11,000 the year before.

Meanwhile, the ministry has also urged local authorities to set up regional "roaming services" for mobile phone users. "Roaming service" allows a mobile phone subscriber from one region to use a cellular phone when travelling to other regions.

Some provinces, autonomous regions and municipalities have established such services in major cities and towns.

Zhejiang in East China is the only province to have a complete mobile phone network. Its system serves over 60,000 users in all of its 74 counties and cities.

According to the People's Postal and Telecommunications News, by mid-February automatic roaming service will be available in the Yangtze River Delta region.

#### Official Views Restricting 'Breaks' for Foreign Investors

HK1402063094 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 13-19 Feb 94 p 1

[By Jin Man: "Unity Urged in Policies on Business"]

[Text] With China coming closer to reentering the General Agreement on Tariffs and Trade (GATT), the central government has renewed its call for local authorities to stop granting freewheeling financial breaks to foreign investors.

A high-ranking government official said it is a top priority to unify China's trade policies this year in line with the demand of GATT, the world trade body.

Over the past few years confused foreign investors have complained about the discrepancies between central and local government policies.

Because of this uncertainty, a number of potential investors have shied away from the Chinese market. On the other hand, many foreign businesses have taken advantage of generously preferential local policies to make piles of money.

"We wouldn't like to see either of these cases in the future," said the senior government official, who asked not to be named.



China is expected to resume its contracting party status in GATT by 1995, but when it does it will be barred from allowing policies to vary from region to region.

The government official said China is prepared to unify policies soon for the same industries, but not for regions.

"We will convert a certain amount of special economic zones to free trade areas, which are accepted internationally," the official said, adding that all other regions will enjoy equal treatment in the same commercial sectors.

The change will most benefit China's vast inland regions, which have trailed behind the coastal areas in attracting foreign investment.

Wu Yi, Minister for Foreign Trade and Economic Cooperation, noted that although foreign investment last year grew faster in the hinterlands, the bulk was still concentrated in the coastal regions.

Wu said more than 120 countries and regions had invested in China by the end of 1993. They focused on energy, light industry, electronics, machinery, textiles and garments, metallurgy, building materials and real estate.

Foreign businesses have also sought a larger share of China's service markets, which are nowhere near as developed as those in the West.

#### **Commodity Export Quotas Opened for Foreign Bidders**

*HK1002125294 Hong Kong MING PAO in Chinese 7 Feb 94 p a10*

[Report: "Reforms in Foreign Trade System Have Gone One Step Further—Bidding for Export Quotas Held Twice a Year"]

[Text] As part of the move to reform its foreign trade system, China will invite bidding for the export quotas on some commodities. The bidding is opened to both domestic and foreign firms, as long as they are a member of a related import and export association or foreign investment society. Bidding methods for these export quotas will be announced shortly.

Commodities for which these methods provide an export quota are those announced by the Ministry of Foreign Trade and Economic Cooperation [MOFTEC]. The quotas will be granted to enterprises that are members of business associations. Firms that are not members of any business association are not eligible to apply.

Other provisions of these methods are:

MOFTEC will be responsible for supervising and guiding the bidding. It determines the commodities to which bidding is applicable and will set up a special bidding committee to take charge of bidding for commodity export quotas.

The bidding committee will be comprised of MOFTEC leading officials and related import and export associations. Specific work for export quota bidding will be done by related import and export associations. The bidding committee will set up a commodity bidding office at the related association to handle day-to-day affairs.

The number of biddings will depend on each specific commodity. In principle, bidding will be held twice a year, each session one quarter ahead of the effective date. The bidding committee will designate specific news media to announce bidding notices.

According to the provisions, import and export companies with MOFTEC-issued foreign trade licenses and membership in a related import and export association or a foreign investment society, manufacturing enterprises (limited to self-manufactured products), and foreign-invested enterprises (limited to self-manufactured products) are eligible to apply.

According to the provisions, firms participating in bidding must fill out a "bidding application form" issued by the bidding office, and mail it in a sealed envelope or have it delivered to the bidding office. The day the bidding office receives the application is counted as the date of receipt.

Names of the enterprises awarded quotas will be announced by news media appointed by the bidding committee.

Provisions also specify that with the concurrence of the bidding committee, the bidding office reserves the power to revoke the bidding right for the following year of any enterprise that fails to make use of, transfer, or return the quota awarded it within a specified time. Quota-winning enterprises will be deprived of their right to bid for export quotas in the following year if it is found and established as true that they have transferred the awarded quota to another party without permission from the bidding office. If the export price of the commodities of an quota-awarded enterprise is lower than the coordinated price set by a related business association, the enterprise will be barred from bidding for that commodity for three years.

Regarding improving and perfecting voluntary quota management, quotas for a single market will come under a regional quota management scheme for individual countries, which in turn is subordinate to a global quota distribution plan.

### East Region

#### Anhui 'Surplus' Rural Laborers Move to Cities

OW1102132994 Beijing XINHUA in English 1313  
GMT 11 Feb 94

[Text] Hefei, February 11 (XINHUA)—Wherever you travel across the country, you are likely to find farmers from Anhui Province working on construction sites, in markets or fields, or serving as housekeepers.

Many of them came from poor and remote areas of Anhui, and received technical training before going out to work.

While guiding farmers to work outside Anhui in a planned way, this east China province has set up more than 3,000 small towns specially for farmers.

More than five million people from the pool of surplus labor in the province were transferred to work in the urban areas last year.

One of China's major agricultural producers, Anhui has about 50 million farmers.

To deal properly with its pool of surplus rural labor, Anhui has focused on boosting high-yield and efficient agriculture and rural industrial enterprises and accelerated the development of small towns.

Its township and village enterprises generated an output value totalling 110 billion yuan last year, an increase of 51.2 billion yuan over the previous year, and the production output of livestock, poultry and aquatic products also registered a big increase.

A local official noted that the small towns have become industrial, trade, political and cultural centers in rural areas.

At present the province has 4,126 markets and fairs, ten of which each have transactions topping 100 million yuan a year.

Local governments also keep regularly in touch with cities outside the province, providing information for those farmers who want to find jobs there. They also offer training sessions for those farmers.

According to statistics from the provincial post service, local farmers working outside Anhui sent back more than 100 million yuan to their families every month last year, mostly from coastal cities.

Many farmers have become successful businessmen locally after working in cities for several years.

#### Fujian Secretary Greet Overseas Compatriots

HK1102152194 Fuzhou Fujian People's Radio Network  
in Mandarin 2300 GMT 9 Feb 94

[Lunar New Year greetings by Fujian Provincial CPC Secretary Jia Qinglin to Taiwan, Hong Kong, and Macao compatriots, and to Overseas Chinese and Chinese residing abroad; place and date not given—recorded]

[Excerpts] Compatriots and friends: At a time when the Chinese people are happily celebrating the Spring Festival, on behalf of the Fujian Provincial CPC Committee, the Fujian Provincial People's Government, and the 31 million Fujian people, I express my Lunar New Year greetings to Taiwan, Hong Kong, and Macao compatriots, as well as to overseas Chinese and to Chinese residing abroad. I also wish your families a happy life in the New Year.

The past year has been one in which we have comprehensively implemented the instructions of the 14th CPC National Congress and one in which we have advanced victoriously along Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Fujian's national economy has developed speedily and well; its GNP has increased by three-fold, seven years ahead of schedule; and it has taken a solid step forward in establishing the socialist market economy structure. Macrocontrol and regulation have strengthened and improved. Marked achievements have been made in opening the market. Foreign economic relations and trade have developed strongly. The people's lives have continued to improve. New progress has been made in the formation of the socialist legal system and spiritual civilization. In particular, Fujian Province has built closer ties with Taiwan, Hong Kong, and Macao compatriots, as well as with overseas Chinese and friendly personalities abroad. Their foreign economic and trade cooperation has entered a new period of stability and development. [passage omitted]

The year 1994 is a crucial one for the province to move forward steadily in building socialism. Seizing the opportunity, deepening reform, widening the scope of opening up, promoting development, and maintaining stability are the main aspects of this year's work. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, and under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, we will hold high the banner of great solidarity and great alliance, focus on development and reform, preserve our political stability, bring about overall social progress, and lay a good foundation for the materialization of moderate prosperity in Fujian ahead of schedule.

The materialization of our objectives requires the hard work of the people throughout the province, as well as the common efforts of Taiwan, Hong Kong, and Macao compatriots, and of overseas Chinese and Chinese residing abroad. [passage omitted]

We should develop an export-oriented economy, carry out large and serial projects, widen the avenues for introducing foreign capital, and expand foreign trade and exports through various channels. [passage omitted]

The people on both sides of the strait hope for reunification. Creating conditions for early direct three exchanges between the two sides is an inevitable trend. Fujian will continue to improve its environment so as to bring about direct three exchanges and promote the motherland's reunification. In conclusion, I sincerely thank all compatriots and friends who have made contributions to Fujian's development, and hope that you will continue to support Fujian's construction.

#### **Jiangsu Head Discusses Food Price Increases**

OW1402023994 Nanjing XINHUA RIBAO in Chinese 2 Feb 94 p 1

[By reporter Xu Wanying (6079 1354 5391): "Chen Huanyou Calls for Attaching Greater Importance to 'Vegetable Basket' and 'Rice Sack'"]

[Excerpts] Food is the first necessity of the people. Government at all levels must take the "vegetable basket" and "rice sack" seriously. No matter how heavy their workload is, they must place the "vegetable basket" and "rice sack" high on their agenda. They must devote major efforts—and display great resolution—to carrying out this major task that has a direct bearing on people's lives and economic development as a whole. This is the demand set by Chen Huanyou, secretary of the provincial Party Committee and governor, at the provincial conference on the "vegetable basket," grain, and edible oil that was held yesterday.

Comrade Chen Huanyou said: The overall situation in our province is excellent insofar as the "vegetable basket" and "rice sack" are concerned. In recent years, Jiangsu's grain output has stabilized at around 32 billion kg; production of nonstaple foodstuffs has also increased. Last year, output of hogs and aquatic products reached new highs; production of poultry, eggs, and fruit is on the rise, and acreage for vegetables—output as well—expanded significantly in rural areas. Therefore, we have a solid base and there should be no shortages. Why then did prices rise sharply a short while ago? The reasons are as follows: 1) Prices of farm products were too low to begin with, so prices naturally rose once controls were lifted. 2) The effect of natural disasters. The freezing cold last November did considerable damage to vegetables. 3) An excessive amount of vegetable plots in the outskirts have been diverted to other purposes in recent years. In some localities, those plots have not been promptly replaced. 4) Inefficient administration. It is still not easy for peasants to sell their produce in cities, and a handful of unlawful businessmen were cornering the market and cheating the customers. 5) Regulatory mechanisms were not functioning well. After grain prices rose abnormally, no immediate action was taken to bring prices down by selling large quantities

of grain. Therefore, we must have a high sense of political responsibility and pay great attention to solving the problems related to the "vegetable basket." Only then will we be able to maintain social tranquility and stability and create a good external environment for reform and economic development. [passage omitted]

Ji Yunshi, member of the Standing Committee of the provincial Party Committee and deputy governor, and Jiang Yongron, deputy governor, were present at the meeting. Jiang Yongrong gave a report outlining specific arrangements with regard to "vegetable basket" work.

#### **Jiangsu Expands Scientific Consulting Services**

OW1302021494 Beijing XINHUA in English 0138 GMT 13 Feb 94

[Text] Nanjing, February 13 (XINHUA)—East China's Jiangsu Province is expanding scientific consulting services to meet the development of the market economy.

A survey shows that the province has more than 2,000 organizations engaged in this service.

With more than 30,000 employees, these organizations have spread general knowledge of science and technology, decision-making policy, scientific management, information and experience.

Included are 50 institutions specializing in the study of social and other sciences. They have helped local governments and enterprises to adopt macro decision-making policies.

The Jiangsu Provincial Engineering Consulting Center, consisting of more than 5,000 engineers and technicians, has offered feasibility studies and appraisals for the construction of 70 capital projects in east China.

A consulting center under the Jiangsu Provincial Science Association has concluded over 1,000 contracts with enterprises a year since 1987, involving 20 million yuan.

The center is helping small and medium-sized enterprises in remote and poor areas to upgrade their technology and equipment.

#### **Shanghai Crime Reportedly Decreases**

OW1402084394 Shanghai JIEFANG RIBAO in Chinese 4 Feb 94 p 2

[Report by Xiang Mingsheng (0686 2494 3932): "Violations of Economic Laws and Regulations Down, But the Amount of Money Involved Up in Shanghai"]

[Text] According to statistics, Shanghai's industrial and commercial administrative organs at various levels investigated and dealt with over 9,000 violations of economic laws and regulations and received 308.7 million yuan in fines and confiscations last year, down 36 percent and up 17 percent, respectively, compared with



the previous year. They have recovered nearly 350 million yuan for the victims, an increase of 500 percent over the previous year.

Shanghai seized nearly 600 fake imported color televisions in two months last year and in the second half of the year, 180 sets of counterfeit Mitsubishi 5G6 air conditioners were seized. From April to June last year, a Taiwanese businessman purchased and brought 1,537 used suits to Shanghai, where he hired some people to wash and sort these clothes out. Then he attached labels of trademark he brought from Taiwan to these clothes and put them on sale at a stall he had rented in a garment center in Shanghai. Some 590 suits were sold at 180,000 yuan or more. Smuggling, trafficking, fraud in sale and purchase based on economic contracts, and other activities are getting more rampant than ever and have shown signs of spreading from individuals to enterprises.

#### Shanghai Holds 'Antismuggling' Meeting

OW1402062994 Shanghai People's Radio Network in Mandarin 1000 GMT 22 Jan 94

[From the "News and Weather" program]

[Text] The second meeting of the Shanghai Municipal Leading Group for the Crackdown on Smuggling was held today. Meng Jianzhu, deputy mayor and head of the leading group, attended the meeting and spoke.

According to figures, the municipality made remarkable progress in cracking down on smuggling last year. Over 1,500 violations involving smuggling and selling of contraband goods were uncovered last year in the Shanghai area. The goods involved in those violations were estimated at 334 million yuan. The focus of Shanghai's anti-smuggling work this year will be on the investigation of major cases, with special emphasis on cracking down on smuggling by enterprises and establishments through cargo transport channels, and organized smuggling and blackmarketing. We should, in particular, strike at the ringleaders, principal offenders, and habitual criminals. Cases of gross violations that involve huge amounts of illicit goods, the use of violence to resist antismuggling efforts, collaboration from within and without, law-breaking by law-enforcement personnel, and pose a great harm to society must be dealt with promptly and severely.

#### Shanghai Encourages High-Tech Industry

OW1102141094 Beijing XINHUA in English 1324 GMT 11 Feb 94

[Text] Shanghai, February 11 (XINHUA)—Shanghai municipal government is encouraging scientists and technicians to put their research findings to productive uses as quickly as possible, to better serve economic development.

According to Hua Yuda, chairman of the municipal Commission of Science and Technology, the city will

concentrate on high-tech industry with bio-engineering and new pharmaceuticals in the lead.

It will set up 200 high-tech enterprises and strive to generate output value exceeding 20 billion yuan this year, an increase of six billion yuan over last year.

The number of non-governmental enterprises will be expanded from the present 6,000 to 7,000 by the end of this year.

Hua noted that the city will open professional markets, including markets for computers, bio-engineering and new pharmaceuticals.

The annual transactions of the technology market are expected to top 2.2 billion yuan this year.

While paying attention to basic research, the municipal government will grant more autonomy to a number of research institutions with economic strength in foreign trade, and encourage the establishment of Sino-foreign joint venture research institutions.

In addition, the government pledged to create better conditions for middle-aged and young scientific workers to engage in research work. A total of 3,000 researchers of basic sciences will get adequate funds and another 150 leading scientists will get special subsidies.

#### Shanghai Schools Provide Computer Courses

OW1202052494 Beijing XINHUA in English 0300 GMT 12 Feb 94

[Text] Shanghai, February 12 (XINHUA)—Shanghai, China's most populous city, has popularized computer knowledge among middle school students.

A survey shows that 94.6 percent of the senior middle schools in Shanghai have opened computer courses, and 80 junior middle schools are also running such courses on an experimental basis.

Shanghai began to spread general knowledge of computers among students in 1986 to meet the needs of its high-tech development.

Middle schools now have a total of 8,000 micro-computers, with 600 lecturers and 140 managerial workers.

They have compiled and published four series of computer teaching materials.

Altogether 165,000 students have obtained computer certificates over the past six years.

#### Shanghai To Maintain Industrial Loan Levels

OW1402053294 Shanghai People's Radio Network in Mandarin 1000 GMT 3 Feb 94

[From the "News and Weather" program]

[Text] The municipal branch of the Industrial and Commercial Bank of China held a work conference today, at which it decided to maintain this year's amount of new loans at last year's level of approximately (?73 billion) yuan. The loans will be mainly used to support Shanghai's five key industries, as well as state-owned large and medium enterprises and projects that yield good economic returns, pose little risk, and are solvent.

### **Shanghai To Speed Telecommunications Development**

OW1402124294 Beijing XINHUA in English 1222  
GMT 14 Feb 94

[Text] Shanghai, February 14 (XINHUA)—Pudong New Area of Shanghai, a rising industrial and commercial center, will speed up its development of posts and telecommunications this year.

According to local officials, Pudong New Area will increase investment in the construction of posts and telecommunications this year and plans to install more than 200,000 new computer-controlled telephone lines, bringing the total of telephone lines in the area to 360,000 by the end of this year.

At the same time, the Pudong New Area will adopt preferential policies and delineate ten zones where the rule will be: "telephone installation without delay," to encourage more individuals to install telephones at their own expense.

Efforts will also be made to boost services for cable TV, philately, express mail and commercial letters, with the focus going to using contemporary world sophisticated high-technology in the development of post and telecommunication services, such as visual telephone business, hands-free telephones and high-speed data telecommunications services.

Shanghai municipality will also earmark more money for the development of its mobile telecommunication service.

By the end of last year, the capacity of switchboards of the municipality's mobile telephone telecommunications network amounted to 60,000 cellular phone users, compared to 10,000 in the previous year.

### **Zhejiang CPPCC Plans Full Session for 25 Feb**

OW1202225794 Hangzhou ZHEJIANG RIBAO in Chinese 2 Feb 94 p 1

[Article: "Second Session of Seventh Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC) To Open in Hangzhou 25 February"]

[Text] The two-day fifth meeting of the Zhejiang Provincial CPPCC Committee Standing Committee closed in Hangzhou 1 February.

The meeting adopted a decision on convening the Second Session of the Seventh Zhejiang Provincial CPPCC Committee in Hangzhou on 25 February. The meeting also approved the work report of the Seventh Provincial CPPCC Committee Standing Committee and a report by the Provincial CPPCC Committee's Motions Committee on progress in handling motions since the convening of the First Session of the Seventh Provincial CPPCC Committee.

The meeting approved, by a show of hands, the resignation of members Zhu Ziru and Gao Huanyan, and elected an additional 16 members to the Seventh Provincial CPPCC Committee. They are Jiang Zuixin, Xu Guanju, Lu Jinsen, Li Yaokang, Liu Zhifeng, Liu Yicheng, Li Dasan, Li Sun Wenyong (female), Zha Maocheng, Jia Zhilin, Gu Guohua, Gu Jiaqi, Yu Honglin, Zhou Hongze, Hu Yuanshao, and Gao Eryi. The meeting also approved other matters.

Liu Feng, deputy secretary of the provincial party committee and chairman of the Provincial CPPCC Committee, attended and spoke at the meeting.

Vice Chairmen Sun Jiaxian, Xue Yanzhuang, Zhang Kejian, and Wang Xixuan of the Provincial CPPCC Committee chaired the plenary session on 1 February. Other Vice Chairmen Chen Fawen, Wu Renyuan, Zhan Shaowen, Ding Deyun, Jue Duanlin, and Geng Dianhua, as well as Secretary General Li Qing attended the meeting. Vice Governor Xu Zhichun was present at the meeting. Some members of the National CPPCC Committee in Hangzhou observed the meeting.

## **Central-South Region**

### **Guangdong To Develop Pearl River Valley**

OW1302060994 Beijing XINHUA in English 0546  
GMT 13 Feb 94

[Text] Beijing, February 13 (XINHUA)—A plan for comprehensively exploiting the resources of the Pearl River Valley in South China's Guangdong Province has been approved by the State Council, the "PEOPLE'S DAILY" reported today.

As a major waterway in South China, Pearl River consists mainly of four water systems: the Western River, Northern River, Eastern River and Delta Zhuhe River with annual flowing volume ranking second in the country, after the Chang Jiang River, the country's longest.

The river constitutes an important hydro-power production base in the country.

The plan is aimed at enhancing the river's anti-flood capacity, including construction of embankments and reservoirs to ensure the safety of major cities such as Guangzhou and Nanning in the flood period.

### Guangxi Secretary Addresses Lunar New Year Party

HK1102143894 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 8 Feb 94

[Text] The regional committee of the Chinese People's Political Consultative Conference [CPPCC] held a Lunar New Year tea party in Nanning on 8 February. The tea party was presided over by Chen Huiguang, chairman of the regional CPPCC committee, and attended by regional party committee Secretary Zhao Fulin; Liu Mingzu, deputy secretary of the regional party committee and chairman of the regional people's congress standing committee; Ding Tingmo, deputy secretary of the regional party committee; as well as members of the regional party committee standing committee; regional people's congress leaders; regional people's government leaders; leaders of the regional CPPCC committee; regional higher people's court leaders; regional people's procuratorate leaders; regional military district leaders; leaders of Guangxi-based PLA Air Force units; Nanning-based former chairmen of the regional CPPCC committee; Nanning-based veteran comrades, National People's Congress deputies, and CPPCC National Committee members; persons in charge of the regional branches of various democratic parties, the regional federation of industry and commerce, and regional people's organizations; persons in charge of the regional departments concerned; persons in charge of the Nanning Prefectural CPC Committee, people's government, and CPPCC committee, and the Nanning City CPC Committee, people's government, and CPPCC committee; and representatives of all walks of life.

Regional party committee Secretary Zhao Fulin delivered a speech at the tea party in which he stated: Over the past year, we in Guangxi have actively and comprehensively implemented the spirit of the 14th CPC National Congress and the spirit of both the Second and Third Plenary Sessions of the 14th CPC Central Committee; seized each and every opportunity to speed up reform and development under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; and scored noticeable results in all fields of endeavors.

Comrade Zhao Fulin stressed: We have scored these achievements mainly because we have united as one and worked hard under the leadership of the CPC Central Committee and the State Council. The CPPCC organizations at all levels in Guangxi also have made invaluable contributions to the region by conscientiously carrying out political consultation and democratic supervision. In addition, the regional branches of various democratic parties, the regional federation of industry and commerce, as well as patriotic figures without party affiliation in the region also have actively played their respective roles and done much fruitful work to this end.

After expressing thanks to all comrades concerned on behalf of the regional party committee and people's

government, Comrade Zhao Fulin noted that the year 1994 is a crucial one in which Guangxi will strive to accelerate reform and development, and he called for concentrating on the following five aspects of work in 1994: 1) To seize each and every excellent opportunity to speed up reform; 2) To continually readjust industrial structure and accelerate economic growth; 3) To continually make painstaking efforts to build a link between the Southwest and coastal areas, and further expand opening up to the outside world; 4) To safeguard social and political stability, and protect and mobilize enthusiasm among the broad masses of people; 5) To further step up party building and clean government building.

Comrade Zhao Fulin expressed the hope that the CPPCC organizations, the branches of various democratic parties, and the federations of industry and commerce at all levels across the region will continue in 1994, as they have always done, to support, cooperate with, and assist the party committees and people's governments at all levels and make more contributions to Guangxi's reform, opening up, and socialist modernization drive.

Wu Keqing, vice chairman of the regional CPPCC committee, delivered a speech at the tea party on behalf of the regional branches of various democratic parties and the regional federation of industry and commerce.

### Hainan Increases Control on Imported Commodities

HK1402053894 Beijing ZHONGGUO XINWEN SHE in Chinese 0658 GMT 8 Feb 94

["Hainan Strengthens the Administration of Import Commodities in the Realm of Circulation"]

[Text] Haikou, 8 Feb (ZHONGGUO XINWEN SHE)—To counter the existence of fake and poor-quality import commodities in the realm of circulation at present, the Hainan Provincial Administration for the Inspection of Import and Export Commodities, the Hainan Provincial Administration for Industry and Commerce, and the Hainan Provincial Consumer Committee a few days ago jointly enacted the "Method for the Administration of Import Commodities in the Realm of Circulation in Hainan," which will be implemented beginning 1 May 1994.

The stipulations of the Administrative Method are as follows:

—All commodities imported by selling units (including commodities imported through border trade at ports) must be reported to and checked by or registered with organs of commodity inspection in Hainan within prescribed time, with such documents as contracts, invoices, packing lists, bills of lading shown.

Import commodities related to security and public health must be imported according to law in China.



Regarding import commodities that must be checked according to law by commodity inspection organs, no one is allowed to sell them without prior checking or without getting a pass at the inspection.

—For selling units that directly import the following nine electromechanical products: automobiles, motorcycles, motorcycle engines, television sets, refrigerators, air conditioners, refrigerating compressors, air conditioning compressors, and kinescopes, it is necessary to produce valid "import commodity safety permits" provided by suppliers, and signed and issued by the PRC State Administration for the Inspection of Import and Export Commodities, and to bear the "CCIB" mark authorized by the State Administration for the Inspection of Import and Export Commodities. Commodities arriving in Hainan must be reported to and checked by commodity inspection organs promptly. The "commodity inspection label" will be issued after getting a pass in the commodity inspection. Only when the label is put on the outside package can a commodity be sold to consumers in the market according to relevant laws and regulations stipulated by industrial and commercial administrative departments.

—When producing invoices of import commodities sold, selling units should state clearly the countries of origin, specifications, and models of commodities.

—Commodity inspection organs and industrial and commercial administrative departments spot check, supervise, and administer import commodities in the realm of circulation according to law and can spot check, at any time, import commodities to be sold in the realm of circulation, but selling units must never, under whatever grounds, reject the spot check.

#### Henan Governor Addresses Plenary Session

HK1102094494 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 31 Jan 94

[Text] The provincial government yesterday [31 January] held its fifth plenary session at which it summed up last year's work, made arrangements for this year's work, and spelled out several major tasks for present and immediate future.

Provincial Governor Ma Zhongchen delivered a speech at the fifth plenary session entitled: "Now That Reform and Development Tasks Have Been Outlined, It Is Imperative To Focus on Key Aspects and To Ensure Smooth Work." In his speech, Governor Ma Zhongchen stated: In 1993, Henan witnessed comprehensive national economic and social development, mainly because, first, we further emancipated our minds, and expanded reform and opening up after studying Volume 3 of the *Selected Works of Deng Xiaoping*, as well as "The CPC Central Committee Decision on Several Questions on Building a Socialist Market Economy Structure." Second, we succeeded in securing fast-paced national economic growth across the province, in raising the

province's GNP growth rate to a level higher than the country's average, and in lowering the province's natural population growth rate to a level lower than the country's average, as well as in maintaining social stability. Third, we implemented and carried out a series of measures formulated by the central authorities to strengthen macroeconomic regulation and control; concentrated on tackling existing problems; made no complaints, accusations, or disputes; refrained from taking the road back; and succeeded in mobilizing enthusiasm on the part of localities and departments. Fourth, we made more investment than in any single previous year. Fifth, we scored noticeable results in combating corruption and professional malpractices.

Provincial Governor Ma Zhongchen outlined the following 12 major tasks for 1994: 1) To deepen reform and to further liberate and develop rural productive forces with a view to increasing peasants' income—this being a task of great significance; 2) To expeditiously establish a modern enterprise system with a view to comprehensively raising economic efficiency; 3) To rapidly foster and develop an essential market for the means of production, and to continually develop and perfect a commodity market; 4) To comprehensively push forward reform of the financial and revenue systems, with an eye to steadily increasing financial revenue; 5) To actively press ahead with banking system reform and make unremitting efforts to raise funds and secure the free flow of funds; 6) To carry on reform of the planning and investment systems, and to see that each and every key project is built on schedule; 7) To speed up foreign trade system reform and expand opening up to the outside world; 8) To actively support and develop the non-public economic sector and to comprehensively develop all sorts of economic elements; 9) To further reform of the science, technology, and education systems, and to make science, technology, and education better serve economic construction; 10) To further improve family planning work and fulfill this year's population control quota; 11) To maintain social stability and create a favorable environment for reform and development; 12) To firmly grasp two major work aspects at the same time, and to vigorously promote the building of spiritual civilization.

Governor Ma Zhongchen also spelled out the following several major tasks for the present and the immediate future: 1) To actively open up new sources of goods, properly control commodity prices, and guarantee an ample supply of commodities on the market during the Lunar New Year Festival period; 2) To make comprehensive and flawless arrangements for the livelihood of staff and workers, and to support and assist disaster- and poverty-stricken areas in a down-to-earth manner; 3) To make sound arrangements for agricultural production and to step up the management of wheat fields; 4) To strengthen income management and guarantee sufficient wage payment to staff and workers.

The provincial government's fifth plenary session was presided over by Vice Governor Fan Qingchen and was

attended by Vice Governors Zhang Shiyong, Zhang Honghua, and Yu Jiahua; by persons in charge of various provincial departments, bureaus, and commissions; by Zhong Lisheng, vice chairman of the provincial people's congress standing committee; by Liu Yujie, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; and others.

**Henan Ranks 'Ninth Most Important' in Industry**  
*OW1302145794 Beijing XINHUA in English 1449  
GMT 13 Feb 94*

[Text] Zhengzhou, February 13 (XINHUA)—Henan, which ordinarily is known as an important agricultural province in China, has risen to become the ninth most important industrial province in China.

The latest authoritative statistics show that the industrial output value of Henan, whose area accounts for merely 1.8 percent of the country's total, reached 230 billion yuan in 1993, making up four percent of the national total, ranking ninth among all 30 provinces, municipalities and autonomous regions of the Chinese mainland.

Although the agricultural output value of the province in 1993 increased by 9.8 percent over the previous year's to reach 61.5 billion yuan, the proportion of agricultural output value to the total industrial and agricultural output value dropped to only a little more than 20 percent.

Experts noted that by adopting the reform and opening policy, Henan Province has managed a substantial boost to its agricultural production. With a great surplus in farm produce and rural laborers, the province began a quick development of its industry, particularly rural industrial enterprises, at the end of the sixth state five-year planning period (1981-85).

The province managed to increase its industrial output value to 230 billion yuan in 1993 from 30 billion yuan in 1984. During the period from 1991 to 1993, its industrial output value rose at an average rate of more than 20 percent a year. The province now ranks at least ninth in the output of 12 out of the 17 most important industrial products listed by the central government. It has become a major supplier of coal and electricity to a dozen provinces and municipalities in east and central China.

In particular, the output value of the province's rural industrial enterprises rose to over 100 billion yuan in 1993 from only several billion yuan in 1984. Many villages and enterprises in the province now claim annual output values surpassing 100 million yuan each. An enterprise engaging in the production of diamond grinding materials has become the biggest of its kind in Asia. Some other enterprises are now the biggest of their kind within the country.

Industrial development has also promoted the development of agriculture. Last year, the province's grain

output amounted to 35 billion kilograms, 10 percent more than in the previous year, setting an all-time high.

**Northeast Region**

**Heilongjiang Secretary, Governor at Spring Festival**

*SK1002131994 Harbin Heilongjiang People's Radio  
Network in Mandarin 1000 GMT 9 Feb 94*

[Excerpts] The 1994 Spring Festival mass gathering of the provincial party committee and the provincial government was held at Beifang Mansion in Harbin on the morning of 9 February. Provincial leaders and representatives of all nationalities on all circles happily met together to commonly greet the 1994 Spring Festival.

Governor Shao Qihui presided over the mass gathering. [passage omitted]

Attending the mass gathering were leaders of the provincial party, government, and military organizations, members of the CPC Central Committee, members of the Central Discipline Inspection Commission, and standing committee members of the National Committee of Chinese People's Political Consultative Conference, including Sun Weiben, Zhou Wenhua, Ma Guoliang, Tian Fengshan, Shan Rongfan, Chen Yunlin, Li Jiating, Meng Qingxiang, Yang Guanghong, Wang Xianmin, Li Qinglin, Yu Jingchang, Li Genshen, An Zhen-dong, Qi Guiyuan, Xie Yong, Du Xianzhong, Zhu Dianming, Zhao Jicheng, Liu Hanwu, Cong Fukui, Sun Kuiwen, Zhou Tienong, Wang Zongzhang, Wang Haiyan, Huang Feng, Dai Moan, Fu Shiyong, Guo Shouchang, Chen Wenzhi, Tan Fangzhi, Zhao Shijie, Chen Zhanyuan, Wang Zhitian, Wang Guiqin, (Wu Yueqian), and Dong Yisheng. Also attending were the veteran comrades retired from the provincial-level organizations, including Zhao Dezun, Chen Lei, Li Jianbai, Wang Zhao, and Chen Jianfei.

Comrade Sun Weiben, secretary of the provincial party committee, made an ebullient speech at the mass gathering. [passage omitted]

After reviewing the achievements scored by the province in reform, opening up, and economic construction last year, Sun Weiben said: 1994 is a year critical to the invigoration and development of Heilongjiang. This year, the economic structural reform begins to enter the most difficult stage of pressing ahead comprehensively and making breakthroughs in key areas, and economic construction is at the critical period of readjusting structure and improving efficiency. During this new year, we should accelerate the pace of building the socialist market economic structure and the pace of developing the productive forces of the countryside and the county economy in an effort to further expand the scale of opening up. During this new year, we should actually build the socialist spiritual civilization, build the party,

and build democracy and the legal system so as to create a fine legal system environment for reform and development.

Sun Weiben emphatically pointed out: During this new year, we should do more good and practical deeds for the masses. Based on developing the economy, we should strive to increase the practical income of urban and rural residents, strictly control the increase margin of commodity prices, improve the people's living standards and living quality, show concern for the masses' weal and woe, and adopt all effective measures to make appropriate arrangements for the livelihood of the people in poverty-stricken areas and the livelihood of the workers and staff of the enterprises that have been closed down, suspended production, and gone bankrupt. We should actively press ahead the housing system reform and seek to basically solve the housing problems for the households with special difficulties by the end of this year. We should maintain close ties between the party and the people and consolidate and develop political stability and unity.

Sun Weiben said in conclusion: In this new year, opportunities and challenges coexist, difficulties and hopes coexist, the burdens on our shoulders are even more heavy, and our tasks are even more arduous. To fulfill the tasks on reform, development, and stability, we must depend on the concerted efforts of party and government organizations at all levels, all economic organizations, all military organizations, and all institutions in the province. At the same time, the vast numbers of party members and cadres and the people of all nationalities on all circles should unite as one and strive for development towards a same goal. Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, we should closely rally around the CPC Central Committee, with Comrade Jiang Zemin as the nucleus, and work hard with one heart and one mind to push forward the province's reform and construction.

### Northwest Region

#### Gansu Secretary Addresses Lunar New Year Party

HK1302082094 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 8 Feb 94

[Text] Yesterday morning, provincial authorities held a Lunar New Year tea party in Lanzhou's Lingmozhuang Auditorium to entertain provincial party, government, and military leaders.

Zhang Wule, provincial party committee deputy secretary and provincial acting governor, presided over the tea party at which provincial party, government, and military leaders gathered to bid farewell to 1993 and greet the new year 1994.

Lanzhou Military Region Commander Liu Jingsong and provincial party committee Secretary Yan Haiwang delivered speeches at the tea party.

On behalf of the party committee, administrative organs, and broad masses of officers and soldiers of the Lanzhou Military Region, Commander Liu Jingsong extended Lunar New Year greetings and best wishes to party committees and people's governments at all levels, workers, peasants, intellectuals, and cadres on all fronts and at all levels, democratic party members, industry and commerce federations members, and well-known personalities of all walks of life, retired veteran comrades, demobilized soldiers and soldiers transferred to civilian work, families of soldiers and martyrs, and militiamen and reserve forces personnel in Gansu.

Liu Jingsong said: In 1994 the Lanzhou Military Region is bound to make continued efforts to step up ideological and political building and comprehensively improve combat effectiveness, actively organize troops to participate in key local construction projects such as farmland capital construction projects and water conservancy projects, rush to deal with local emergencies and disasters, and strive to make more contributions to Gansu's economic growth and social progress.

On behalf of the provincial party committee, people's congress, people's government, Chinese People's Political Consultative Conference [CPPCC] committee, and military district, Secretary Yan Haiwang extended Lunar New Year greetings to all comrades and friends present at the tea party and paid sincere regards and lofty tribute to broad masses of workers, peasants, intellectuals, and cadres, people of all nationalities and all walks of life, People's Liberation Army officers and soldiers, armed police officers and policemen, public security police officers and policemen, Hong Kong, Macao, and Taiwan compatriots, overseas Chinese, and foreign friends who have shown persistent concern and support for Gansu's construction, and comrades still working in all trades and professions in Gansu during the Lunar New Year Festival period.

Yan Haiwang said: Over the past year, the Gansu people have further emancipated their minds, deepened reform, expanded opening up, and scored marked results in the province's national economic and social undertakings development. The year 1994 is an important year in which China will take a major step forward in respect of building a socialist market economic structure and a crucial year in which China will further push forward reform, opening up, and modernization construction. We must adhere to such an ideological line as emancipating the mind and seeking truth from facts, push ahead with all reforms by adopting a positive approach, display burning enthusiasm, and carry out meticulous work. All comrades in Gansu, especially party and government leaders at all levels, should refrain from empty talks, try to do more practical work, concentrate efforts on major



aspects of work, tackle thorny problems and key contradictions in the course of reform and construction, and strive to make more tangible breakthroughs and new progress in all fields.

The tea party was attended by more than 350 people, including Gu Jinchi, Liaoning Provincial CPC Committee secretary; Lu Kejian, [provincial people's congress standing committee chairman]; Shen Xiaozeng, [provincial CPPCC committee chairman]; Xing Shizhong; Wang Maorun; Ma Zhanmin; Zhang Shui; Liang Peizhen, [provincial military district commander]; as well as leaders of the Lanzhou Military Region, the Gansu Provincial CPC Committee, the Gansu Provincial People's Congress, the Gansu Provincial People's Government, the Gansu Provincial CPPCC Committee, the Lanzhou Military Region Air Force Unit, and the Gansu Provincial Military District; some retired or veteran comrades; as well as persons in charge of various provincial departments, commissions, offices, bureaus, people's organizations, scientific research institutes, higher learning institutions, and other provincial units.

## Xinjiang's Economic Situation Discussed

### Official Views Reform

OW1202104094 Urumqi Xinjiang Television Network  
in Mandarin 1330 GMT 19 Jan 94

[Announcer-read report over video prepared by station reporters (Meng Fuchun) and (Huo Yanmin); from the "Xinjiang News" program]

[Text] The sixth meeting of the eighth regional people's congress standing committee held its second plenary session today. Entrusted by the regional people's congress, Vice Chairman Wang Lequan delivered a report to the standing committee on the current economic situation and major reforms in 1994. He said: In 1993, under the guidance of the 14th CPC National Congress guidelines, Xinjiang strengthened the intensity of reform and overcame difficulties in achieving fairly good results in economic construction and other fields of endeavor. The regional economy has maintained a strong growth momentum; the gross regional product is expected to reach 37.7 billion yuan, about 10 percent more than 1992; and agriculture and animal husbandry have reaped their 16th consecutive year of harvests, while industrial production has come out of the predicament of slow growth and poor efficiency and begun to bounce back. Moreover, revenues have increased, the financial situation has further improved, progress has been made in developing foreign economic relations and trade, investment in fixed assets has increased steadily, and infrastructure construction has been further strengthened.

He pointed out: Xinjiang's current political situation is good. The entire region has seen political stability, national unity, and steady progress in all fields of endeavor. While Xinjiang has been able to maintain a strong momentum for economic growth, problems and

difficulties continue to exist in the regional economy. First, in agriculture, the investment in production growth rate has dropped and precluded long-term development. Second, in industry, the foundation remains weak: investment is inadequate for upgrading enterprises' technology, progress has been slow in readjusting production structure and product mix, and economic efficiency needs much improvement. Third, in finance, there is a serious shortage of capital; funds for capital construction cannot be allocated in time; and, as a result of debt chains, enterprises are facing a slow turnover of funds and are in serious shortage of working capital. Fourth, (?the pressure) on railway transport has continued. Fifth, irrational export product mix and the lack of cash in conducting trade have caused a decrease of exports. Sixth, price rises of commodities cannot be curbed.

Wang Lequan also explained the progress in economic structural reform and the regional wage, housing, and price reforms; as well as the current situation in commodity prices and arrangements for price reform in 1994.

The session heard a report by Su Yongguang, chairman of the regional planning commission, on drafting the 1994 regional plans; a report by (Gong Jinyou), director of the regional finance department, on the drafting of the 1994 regional budget; and a report by (Xie Haiping), deputy secretary general of the regional people's government, on handling motions submitted by the first session of the eighth regional people's congress.

Turbayim, vice chairman of the regional people's congress standing committee, chaired the session.

Chairman Amudun Niyaz and Vice Chairmen Xie Fuping, (Hujihan Hakomov), and (Amina Apar), of the regional people's Congress standing committee, attended the session.

### Report on 1993 Performance

OW1202000594 Urumqi XINJIANG RIBAO in Chinese  
31 Jan 94 p 1

[Article by correspondent Ma Chiye (7456 7459 6851): "Our Region Continued To Maintain Its Momentum of Economic Growth Last Year as We Made Efforts To Solve Conspicuous Contradictions by Making Economic Construction Our Central Task"]

[Excerpts] In 1993, the whole region paid close attention to the central task of economic construction, made efforts to solve the conspicuous contradictions and problems cropping up in the course of economic operations, and achieved marked successes in economic construction.

—Xinjiang continued to maintain its momentum of economic growth. Xinjiang's annual total output value of goods and services fulfilled the plan for the year and

was estimated to exceed the previous year's by approximately 10 percent. Total industrial and agricultural output value posted a growth rate of 8.6 percent; among them total industrial output value showed a growth rate of 10.6 percent. Total export volume and financial revenue registered a growth rate of 9 percent and 33.08 percent, respectively.

—Xinjiang consolidated banking order, rectified money borrowings in violation of regulations, put an end to various unauthorized collections of funds, strengthened control over cash, and gradually improved banking order which had once been in chaos. It was estimated that over 1 billion yuan's worth of loans flowing out from the banks were recovered in the whole year. The total amount of various deposits in banks showed an increase of 702.5 million yuan from August to December; the figure was 1.05 times the amount of growth in the whole year. The contradiction existing in the supply of and demand for credit funds was somewhat eased, and the macroeconomic operation environment was improved.

—Xinjiang made important progress in capital construction, which focused on infrastructure projects and basic industries. Local social investments in fixed assets were estimated to increase by 30.9 percent. The autonomous region's 35 key projects under construction were making good progress. Xinjiang fulfilled the target of putting 11 projects into full operation in 1993. [passage omitted]

—Xinjiang opened its doors wider to the outside world. Its economic cooperation with regions to the east and its exports to the regions to the west developed in depth. It successfully sponsored the second Urumqi trade fair for border and local areas in 1993. Total import and export volume increased by 30.3 percent for the year. Local and border trade enjoyed relatively rapid development. The export volume of local and border trade was estimated to grow by 75.5 percent. The amount of foreign funds utilized in the year posted a growth rate of 86.9 percent over the previous year's.

#### **Xinjiang Executes Nine Criminals in Urumqi**

OW1102132494 Urumqi XINJIANG RIBAO in Chinese  
29 Jan 94 p 1

[By correspondent Han Aimin (7281 1947 3046): "Urumqi Executes a Number of Criminals Guilty of the Most Heinous Crimes—Their Crimes Are Too Numerous To Mention and It Will Be Hard To Calm Popular Indignation if They Are Not Executed"]

[Excerpt] On 28 January the Urumqi Intermediate People's Court handed down sentences in public on a number of offenders convicted of such serious crimes as manslaughter, robbery, and rape. With the approval of the Xinjiang Autonomous Regional Higher People's Court, nine of them, including Huang Jianchao, Feng Xiaojiang, Wang Wei, and Bai Liang, were sentenced to death and executed immediately.

The criminals harshly punished by the law on 28 January committed numerous crimes which incurred the extreme and intense indignation of the people. Some committed cases of manslaughter, one after another, in revenge and then conducted counterrevolutionary propaganda and instigation when they absconded to avoid punishment; some killed innocent people after robbing them of money; some formed a gang and, more than once, used coercion to rob taxi drivers of their takings in spite of the law; some raped women in broad daylight. [passage omitted]

#### **Xinjiang Fulfills Highway Transportation Tasks**

OW1202064294 Urumqi XINJIANG RIBAO in Chinese  
1 Feb 94 p 1

[Report by correspondent Ling Yu (0407 1938): "Xinjiang Overfulfills Its Material Transport Task"]

[Excerpts] As of the end of 1993, Xinjiang's highway transport departments had overfulfilled its target of transporting goods from Xinjiang to other places by 6 percent. A total of 318,000 tonnes of goods were transported out of the region, according to statistics compiled by the Hami highway and railway registration office. [passage omitted]

It was learned that several hundred different kinds of goods were shipped from the region to other places, including crude oil, diesel, gasoline, sheep skin, sheep wool, cotton, timber, coal, machinery products, medicinal herbs, and special native farm and sideline products. [passage omitted]

### PRC Protests Taiwan Leader's Southeast Asian Visit

OW1202082294 Beijing XINHUA in English 0753  
GMT 12 Feb 94

[Text] Beijing, February 12 (XINHUA)—The Chinese Foreign Ministry today lodged a protest to the Indonesian and Philippine envoys here against the two countries allowing visit and stopover by "high-ranking officials" from Taiwan, including Li Teng-hui.

On February 9, Li and other "high-ranking officials" from Taiwan arrived at Bali island of Indonesia for a "vacational visit" and on February 11, Indonesian President Suharto met with Li on the island, according to sources of the Foreign Ministry.

On his way to Indonesia, Li stopped over at Subic and met with Philippine President Fidel Ramos, the sources said.

### LIAOWANG Views Cross-Strait People-to-People Talks

HK1402023594 Beijing LIAOWANG in Chinese No 5,  
31 Jan 94 pp 10-11

[By staff reporter Li Dahong (2621 1129 1347): "Will There Be New Progress in People-to-People Negotiations Between the Two Sides of the Strait This Year?"]

[Text] With the 1994 New Year holiday barely over, Chiao Jen-ho, the newly appointed deputy board director and concurrently secretary-general of Taiwan's Straits Exchange Foundation [SEF], is to arrive in Beijing at the invitation of the Association for Relations Across the Taiwan Strait [ARATS] to negotiate routine affairs of the two organizations. Much common understanding was reached in cross-strait talks over day-to-day affairs last year, will there be new progress in the upcoming Beijing meeting on that basis? Will the accords of the "Wang-Gu talks" be implemented in a comprehensive way in the new year?

### China Mainland Pushes the Comprehensive Implementation of the Accord of the "Wang-Gu Talks"

As the first contact and talks between high-ranking figures over the past 40-some years, the "Wang-Gu talks" that took place in Singapore in April 1993 raised the curtain of a new stage for the institutional dialogue and negotiation between authorized nongovernmental organizations.

In its wake, ARATS set out a proposal for implementing the relevant accords of the "Wang-Gu talks" in a comprehensive way, namely, negotiations on specific affairs related to repatriation, crackdown on maritime crimes in joint efforts, dealing with maritime disputes over fishery, protection of intelligent property rights, and ties and agreement between justice courts of the two sides. In addition, negotiations should be conducted on economic topics and science and technological exchanges in the

spirit of the accord as early as possible. In mutual cooperation, ARATS and SEF conducted work negotiations on three occasions in Beijing, Xiamen, and Taipei in late August, early November and late December last year respectively.

Through these negotiations, especially the work negotiations held in Taipei for the first time on 21-22 December, comparatively great progress was made on many issues by the joint efforts of the two sides.

—The ARATS negotiation group participating in talks in Taiwan was a step toward implementing the "Wang-Gu talks" accords as well as an advance in ARATS-SEF ties and exchanges.

—These negotiations have further deepened common understanding in "repatriating people who have entered the other side in violation of relevant rules and regulations and related issues" and "negotiating handling of maritime fishery disputes."

—The two sides have exchanged views on such routine topics as the crackdown on maritime criminal activities, such as "maritime smuggling and robbery," and "the rights and privileges of Taiwan businessmen investing on the mainland"; —The two sides reached important common understanding on "the principle of repatriation of hijackers," within the basic framework of the accord on repatriating hijackers between the two shores, by careful study of the wording of the overwhelming majority of this accord gone through.

People here believe that should an accord on the repatriation of hijackers be reached between the two sides, its significance will go beyond insuring safety in air traffic between the two sides, and it will play an important role in augmenting and promoting ties and exchanges between the two shores in every respect; this being so, it will certainly be welcomed by and assessed highly by Chinese both at home and overseas.

### Where Lie the Hurdles That Affect ARATS-SEF Cooperation?

Although a series of results at a certain stage have been scored in cross-strait people-to-people talks, no accord was eventually signed. The fundamental cause lies in the fact that Taiwan has included some political issues that were quite beyond the two sides' common understanding for the time being in the negotiations on routine affairs in an attempt to create the so-called "independent sovereignty" and "equal judicial powers" to fulfill its pursuit of "two equal political bodies." That did not fall in line with the orientation of being non-governmental, economic, routine, and functional, set by the "Wang-Gu talks" accords. Both ARATS and SEF are non-governmental organizations, and differences in political issues between the two shores should not have been brought up in negotiations on people-to-people affairs.

In ARATS-SEF negotiations on routine affairs in 1992, the two sides established a common understanding by



each making an oral statement that "the two sides of the strait adhere to the one China principle," thus making major progress in ARATS-SEF negotiations possible thereafter. With the accords on cross-strait utilization and verification of notaries and on "inquiries about and compensation for registered letters," especially, the realization of the "Wang-Gu talks" was itself a breakthrough; all this showed that two authorized non-governmental organizations from the two shores might settle some routine issues surfacing in cross-strait people-to-people ties and exchanges and push forward various cross-strait ties and exchanges under the condition that political differences between the two shores remain unsettled, so long as some issues lacking unanimity are avoided while adopting a practical attitude and practice.

Now the Taiwan authorities insist on so-called "equal judicial powers" in routine negotiations of non-governmental organizations. Essentially, they are creating "two Chinas" in disguise; beyond a doubt, that is an impasse.

#### **Doing Substantial Work Is the Best Way To Resolve Cross-Strait Issues**

Thus, to resolve routine issues in cross-strait exchanges, the practical and constructive way can only be what Tang Shubei has set out that the two sides "should refrain from involving sensitive issues that lack common understanding," "avoid issues pending unanimity between the two sides with technical wordings."

When Chiao Jen-ho first took office as SEF deputy board director and concurrently secretary-general toward the end of last year, he said that to adopt practical way, accumulate common understanding in routine topics, augment the foundation of mutual trust was a task of top priority for basic solutions to cross-strait issues.

At the just-concluded third session of the ARATS first council in Beijing, the work agenda decided on by ARATS for 1994 included: Promoting reciprocal visits of ARATS and SEF responsible persons and pushing for the second Wang-Gu talks; continuing to promote cross-strait economic exchanges and cooperation; doing more substantial work to protect the legitimate rights and privileges of Taiwan businessmen's investment on the mainland; striving for negotiations with SEF over such issues as "the rights and privileges of Taiwan businessmen's investment on the mainland and related issues," "cross-strait reciprocal visits of figures from industrial and business circles," "development and exchanges in energy and other resources," and the issue of "cross-strait exchanges in science and technology," while striving to reach some accords; at the same time, making preparations in joint efforts for convoking a conference authorized by both sides on people-to-people economic exchanges. In addition, on the basis of the two sides acquiring common understanding in negotiations on routine affairs, efforts will be exerted to resolve existing differences and strive to sign an accord with SEF as early as possible.

An authoritative figure here indicated that one of the important results of "Wang-Gu talks" was to have common understandings written down in an accord, namely, "both sides believe that there is a need to augment economic ties and make up for each other's shortages with mutual benefits." The "Wang-Gu talks" were not easily realized; the two sides should set great store by the results. Only by implementing related accords in a comprehensive way to score results in the negotiations on five routine topics, including economic and scientific and technological exchanges, as early as possible will it be possible to consolidate and develop the results of "Wang-Gu talks," thus pushing further development of cross-strait relations.

People are waiting to see whether or not genuine efforts will be exerted in Chiao Jen-ho's upcoming trip to Beijing to implement the "Wang-Gu talks" accord in a comprehensive way in the new year.

## Li Teng-hui Visits Philippines, Indonesia

### Visits Despite Beijing 'Warning'

OW1102120294 Taipei Voice of Free China in English  
0200 GMT 11 Feb 94

[From the "News" program]

[Text] President Li Teng-hui began an eight-day South-east Asian tour Wednesday [9 February] despite a warning against the trip by Beijing. The diplomatically sensitive trip, which takes Li to the Philippines, Indonesia, and Thailand, is designed to strengthen Taiwan's economic and political ties with the three countries in the absence of formal diplomatic relations.

An official statement released by the presidential office Wednesday said the main purpose of the president's unofficial visit is to learn from other's experience as the reference for the ROC economic development in the 21st century, adding that Li will have unofficial contacts with leaders in the region touching [on] views on regional economic cooperation and matters of major concern.

Li arrived at the former U.S. naval base at Subic Bay in the Philippines at 1045 where he made a three-hour visit and held informal talks with the Philippine President Fidel Ramos over a luncheon, the semiofficial CENTRAL NEWS AGENCY reported.

The tour is Li's second overseas trip since assuming office in 1988. He visited Singapore in 1989, the first time a president of the Republic of China had gone abroad in 12 years.

After leaving the Philippines, the president's chartered plane landed in Indonesia's resort island of Bali Wednesday evening where he planned to discuss the development of natural gas and oil reserves. Among other projects was President Suharto of Indonesia and tour Indonesia's aerospace center. [sentence as received] During his visit in Indonesia, he will also meet with Indonesia's Research and Technology Minister Habibie for talks focusing on the development of Bantam, an island south of Singapore which Jakarta is developing as an industrial zone, the CENTRAL NEWS AGENCY reported. Li was accompanied by the ROC First Lady Tseng Wen-hui and about 40 officials including Frederick Chien, minister of foreign affairs; Vincent Siew, chairman of the Council for Economic Planning and Development; Raymond Tai, presidential spokesman; Jeffrey Wu, an adviser to the Executive Yuan; and Liu Ta-yi, an adviser to the Ministry of Economic Affairs, according to officials.

The presidential delegation will then travel to Phuket, in Thailand, on 14th February to meet with Thai prime minister, the local press reported.

Taiwan is already one of the biggest foreign investors in Southeast Asia, pouring in more than \$10 billion so far. Li's trip is also seen by local analysts as a part of the government's recently-announced southward policy

designed to promote economic and trade ties with ASEAN countries in order to release Taiwan's dependence on Mainland China.

The Philippine President Fidel Ramos said Thursday that meeting with the ROC President Li Teng-hui does not violate the one-China principle practiced by his country, and the meeting with President Li was a very valuable time when the ideas and issues were discussed informally in the meeting, he said, and they were able to discuss further proceedings for the ROC investment in the Philippines. Ramos was also able to verify the date for the construction work to begin in the Taiwanese industrial zone within the Subic Bay. Ramos emphasized this project is of great importance to the development of the Subic Bay. The two sides have also consented to have the third economic cooperation meeting taking place in Subic Bay in June this year.

Meanwhile, as President Li arrived in Bali island in Indonesia, great interest was also aroused among the local media. Indonesia's newspapers quoted words from Indonesia's Foreign Minister Alatas that the ROC President Li Teng-hui as a Ph.D. in agricultural economy and not representing his official position as the president of the Republic of China. [sentence as received] Indonesia therefore is not violating the one-China policy with the Mainland China.

### Reaches Agreement With Indonesia

OW1302122294 Taipei Voice of Free China in English  
0200 GMT 12 Feb 94

[From the "News" program]

[Text] ROC [Republic of China] President Li Teng-hui has reached agreement with Indonesian Minister of Research and Technology Jusuf Habibie on issues of investing in the natural gas, (?physics) and (?coal) industries between the two countries, while President Li Teng-hui was spending the Chinese New Year holidays in Indonesia.

Adviser to the ROC's Ministry of Economic Affairs Liu Tai-ying, who is accompanying the President on his trip along with 30 other government officials, also verified that there will a big businessmen tour group who will be investigating into the possibility of investing in the Indonesian industries in March.

Meanwhile, international news agency REUTER reported the President's trip to Indonesia as one that is shrouded in secrecy. President Li, making his second overseas trip since assuming office in 1988, arrived on the resort island of Bali on Wednesday [9 February] for a five-day visit after a brief stopover in the Philippines.

Beijing on Thursday protested Li's trip to the Philippines and his meeting with Filipino President Fidel Ramos and other Philippine officials.

Indonesia was President Li's second stop on the three-country tour which prompted Mainland China to warn the Philippines, Indonesia, and Thailand that their relations with Beijing would be harmed if the visits went ahead.

An official in Bali said Li, who is likely to have dinner with President Suharto on Friday, flew to Bantam on Thursday with his host Research and Technology Minister Jusuf Habibie. At the state-run IPTN aircraft factories in Bantam, southeast of Jakarta, visitors were denied entry, and security appeared to have been stepped up, REUTER reported.

Taipei said last month it was studying possible aviation tie-up with Indonesia and Mainland China [as received] after failing to form joint ventures with Western aerospace companies. The Indonesian aircraft factory IPTN's centerpiece is its 70-seat N-250 medium-haul turboprop commuter plane due to enter service in 1996.

The Indonesian aircraft company also produces under license French-designed Puma and U.S. Bell helicopters as well as parts for U.S.-designed F-16 fighters and British-developed Rapier missiles.

Indonesia has formal diplomatic ties with Beijing and Foreign Minister Ali Alatas has said a private visit by Li will not change Jakarta's one-China policy. Indonesian officials have stressed that senior officials meeting President Li would do so in their private capacity.

#### Meets With Leaders

*OW1302124294 Taipei Voice of Free China in English  
0200 GMT 13 Feb 94*

[From the "News" program]

[Text] Indonesia threw a blanket of secrecy over a planned meeting between visiting ROC [Republic of China] President Li Teng-hui and Indonesian President Suharto on the resort island of Bali on Friday [11 February].

Officials in Jakarta, who are being tight-lipped ever since Li arrived in Bali on Wednesday on a three-country trip that has raised the ire of Mainland China, declined to give details, but said they expected that the two leaders had already met in Taipei.

Meanwhile, Taiwan Television Enterprise, or TTV, confirmed Friday night that Li after having met Friday [as received] before Suharto flew back to Jakarta in the late afternoon. Although no video or still pictures of Li and Suharto together were featured on the television newscast, the vehicles used by both Li and Suharto were shown arriving at the Bali meeting site.

According to TTV, Suharto reportedly expressed his admiration for impressive achievements of Taiwan small and medium enterprises. Meanwhile, Li reportedly said the ROC wanted to boost its role as a partner in

international and regional economic groupings, as well as work to help insure the maintenance of peace in the region.

In Indonesia, the official ANTARA news agency said: Suharto, accompanied by State Secretary Murdiono and Tourism and Telecommunications Minister Joop Ave, was to visit Bali on Friday to see the Grand Bali Beach Hotel, which was devastated by fire one year ago.

Official sources said: Foreign Minister Ali Alatas had also traveled to Bali on Friday. Suharto's movements were off limit to all journalists.

President Li's tour of Southeast Asia, billed as a private trip, has angered Mainland China, which regards Taiwan as a renegade province. Beijing warned the Philippines, Indonesia, and Thailand their relations with Mainland China could be damaged if they allowed Li's trip to proceed.

Indonesia, current chairman of the Nonaligned Movement and Asia-Pacific Economic Cooperation forum, has formal diplomatic ties with Beijing. Foreign Minister Alatas has said a private visit by Li will not change Jakarta's one-China policy. Quote, Li Teng-hui's visit to Bali is only an informal one. He is on vacation in Bali. There is no deviation from Indonesia's stand of having only trade relations with Taiwan, unquote.

In the aftermath of ROC President Li Teng-hui's lunch with Philippine President Fidel Ramos this week, Mainland China said the meeting sabotaged friendly relations between Beijing and Manila. But Ramos immediately countered that he had not violated Manila's one-China policy. Beijing's embassy in Manila said it will lodge a formal protest over Wednesday's luncheon meeting between Li and Ramos. A copy of the embassy's statement was sent to the Philippine Ministry of Foreign Affairs on Thursday. In the statement, the embassy accused Taiwan of pursuing a southward policy aimed at developing substantive relations with some nations and creating a two-China situation. Beijing officially regards Taiwan as a renegade province.

Before Li flew into Subic Bay, northwest of Manila, on the first leg of a three-nation private trip, Beijing told the Philippines the visit would harm relations.

The Ramos government tried to throw a veil of secrecy over the meeting. Once news leaked out, Ramos acknowledged that it took place, but said it did not violate Manila's one-China policy under which the Philippines officially recognizes Mainland China.

In a live interview on Philippine television Thursday night, Ramos said he and Li had not talked about political matters. Ramos said they only discussed trade and economic cooperation which is allowed under the one-China policy. Under the term of its one-China policy, the Philippine Government officially recognizes Beijing as the sole legitimate government of China, of which Taiwan is an integral part. Ramos said that



Taiwan is today the biggest investor in Subic Bay. Taiwan-based enterprises are investing in a 300 hectre industrial estate which will be the site of 150 factories which is scheduled to be inaugurated on 20 February. Ramos added that Taiwan has arranged for soft loans amounting to \$23 million for the development of Subic Bay. This could be expanded to \$100 million in the next couple of years depending on the need, he added. Ramos also said that he and Li discussed joint ventures in agriculture-based businesses. Li reportedly told Ramos that he would like to see the Philippines supply Taiwan's sugar requirements since sugar production on the island has dropped significantly due to land use changes. Ramos hosted a luncheon meeting at the Admiral's House in Subic for Li and his entourage of 60 businessmen and officials, including Foreign Minister Federico Chien and Council for Economic and Planning Development Chairman Vincent Hsiao.

Philippine officials said Beijing's reaction was largely what had already been expected. They said the Philippines has to balance its desire for good relations with Beijing against its urgent need for investment from Taiwan.

#### **Editorial Urges Caution in Dealings With Vietnam**

*OW1302043794 Taipei CHINA POST in English  
6 Feb 94 p 4*

[Editorial: "End of embargo; Expanded relations"]

[Text] The decision by U.S. President Bill Clinton to end the decades- old U.S. trade embargo against its former enemy Vietnam has been widely welcomed here by leaders from both public and private sectors.

Many locally owned factories in Vietnam which were set up in the Southeast Asian country under the assumption the embargo would soon be lifted will surely turn a handsome profit as a result of the U.S. policy change.

To date, investments by Taiwan-based enterprises in Vietnam are estimated to be worth more than US\$1.5 billion, making the island that nation's number one source of foreign capital.

Most local companies went to Vietnam because of the availability of cheap labor there. Vietnam also shares much in common with Taiwan, due to its cultural heritage, work ethic and the customs of its people. This commonality has surely helped to attract investment from Taiwan.

Over the past few years, labor-intensive manufacturers of various products ranging from textiles to low-end electronics have been unable to maintain their price competitiveness vis-a-vis other competitors in Southeast Asia and mainland China, due to rising costs on the island.

Seeing that these industries had to move somewhere, authorities here rightly encouraged them to set up production lines in Southeast Asian countries, such as Vietnam, in order to avoid risking too many of the country's financial and industrial resources in mainland China, which has been the top choice for outbound investment for many years.

Now that the U.S. embargo has been lifted, the Vietnamese economy is expected to be given a great boost and the country will certainly become more important in the international arena.

However, the ROC [Republic of China] government should be careful not to assess the current situation in Vietnam by looking through recolored glasses.

In the late 1970s when relations between the United States and mainland China were normalized, many people got caught up in the euphoria that went along with the new friendly relations between the two countries and forgot that the mainland remained a communist state.

After tanks and armored personnel carriers rolled over the dead bodies of students and workers who dared to speak out against the Beijing regime in 1989, many people in the outside world were surprised to learn that communist China had retained a Leninist system of suppression after the death of Mao Tse-tung.

Now that Vietnam and the United States have apparently bridged some of their differences, people in Taiwan should refrain from adopting a similarly naive attitude about the leadership in Hanoi.

Formally known as the "Socialist Republic of Vietnam," our southwesterly neighbor is one of the world's last remaining communist dictatorships, and the leadership of the Vietnamese Communist Party is doing all it can to keep it that way.

To be sure, sweeping economic reforms were made by Vietnamese leaders beginning in 1986 with the so-called "doi moi" or "renovation" policies. But virtually no major political reforms have been made, except for efforts aimed at transferring more day-to-day administrative duties from party committees to official state organs apparently in order to avoid wasteful duplication and the transferring of certain administrative responsibilities to local governments in order to increase the efficiency of the state bureaucracy.

The Vietnamese Communist Party has retained its leading role in all important spheres of life in Vietnam. Any attempt to organize any kind of opposition force is still, as always, ruthlessly persecuted in Vietnam today.

The Vietnamese communists also continue to restrict religious activity throughout the country.

After the government of the Republic of Vietnam fell on April 30, 1975, and the south was brought under the

control of northern-led forces, Chinese-Vietnamese citizens who had previously belonged to the pro-Taiwan camp or who held identification papers issued by the Republic of China were persecuted by the communists and in many cases their properties and businesses were confiscated.

After Vietnam invaded Cambodia and Hanoi's former allies in communist China staged a fierce attack on northern Vietnam in the late 1970s, many ethnic Chinese living in the country even those who had been pro-Beijing were forced to flee the country for their lives.

While we can't allow bad memories to unnecessarily restrict our contacts and trade with Vietnam, we should not forget the harsh treatment that people of Chinese ancestry have received at the hands of the Vietnamese communists.

Although the end of the U.S. embargo will certainly mean even more contacts, exchanges and investments in Vietnam, we should not allow ourselves to get carried away and make a mockery of our democratic ideals by hopping in bed with the Vietnamese communists.

As the old saying goes: "Those who lie down with dogs get up with fleas."

#### **Beijing Accused of 'Intermingling' Politics, Legal Issues**

*OW1302050594 Taipei CHINA POST in English 6 Feb 94 p 1*

[Text] The cross-strait talks concluded yesterday, with a joint statement citing a consensus reached by negotiators from Taipei and Beijing.

But government officials in Taipei accused Beijing of improperly intermingling politics into legal issues.

The joint statement was issued by Chiao Jen-ho, secretary-general of Taipei's Straits Exchange Foundation [SEF], and his mainland counterpart, Tang Shubei of the Association for Relations Across the Taiwan Straits (ARATS), itemizing major agreements reached during the five-day talks in Beijing. Chiao and other SEF delegates returned to Taiwan last night.

The joint statement said the two sides have reached consensus on such thorny issues as repatriation of hijackers and illegal immigrants as well as bicoastal fishing disputes, adding that differences remain to be tackled in the next round of functional talks.

"Both sides made some concessions," Chiao said. "Reaching consensus during this round of talks is what we call a 'win-win' situation."

In the meantime, however, Kao Kung-lien, vice chairman of the supervisory Mainland Affairs Council (MAC), told reporters that the consensus reached in the Beijing meetings "are at best consensus in principle." He

added that the two sides still failed to find common ground for as many as 10 items.

Even for the issues that both sides have agreed on, "it will still test our wisdom to put the consensus into words," Kao said, referring to the wording of a formal agreement.

The MAC ran an overnight meeting until 4 a.m. yesterday, giving its final approval on the Chiao-Tang statement. A few changes were made: the SEF and ARATS would only exchange, not discuss, views on economic issues during the next round of talks; the statement also left out the discussion for the arrangement of the second SEF-ARATS summit.

ARATS chairman Wang Daohan has invited his SEF counterpart, Ku Chen-fu, to visit Beijing in late spring or early summer, yet the MAC seems less enthusiastic to embrace the idea for fear that Beijing will use the high-level exchanges to achieve its political goal.

Both sides have agreed to hold the fourth round of functional talks in Beijing at the end of next month. Once formal agreements are reached on the three issues, Tang will come to Taipei to attend the signing ceremony, the Chiao-Tang statement said.

In a written statement, the MAC sharply criticized Tang's remarks, saying the SEF-ARATS talks should "avoid discussions of political and legal issues" as ambiguous.

In mid January, Tang said the ARATS would carry out the principles of "Peaceful reunification-one country, two systems," but during this round of talks, he asked the SEF delegates not to raise political and legal issues, according to the MAC statement.

"Under the communist doctrine, law, which only serves as a tool of politics, has nothing to do with social justice and public welfare," the MAC statement said. It went on to say that mainland negotiators could hardly understand that "Political issues belong to politics, legal issues belong to law."

During the next round of talks, the two sides will also exchange views on issues such as joint efforts to crack down on the criminal activities of marine smuggling and robbery, protection of intellectual property, mutual assistance between the judicial organs, and certain economic and technological subjects agreed to in last April's summit in Singapore, the statement said.

#### **Taipei, Tokyo To Step Up Official Economic Contacts**

*OW1102111694 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 10 Feb 94*

[From the "Hookup" program]

[Text] The Republic of China [ROC] and Japan have achieved a new breakthrough in the contacts between their economic and trade officials. Japan's International Trade Policy Bureau [ITPB] recently extended a formal invitation to Huang Yen-chao, director general of the Board of Foreign Trade [BOFT] in which it expressed the hope of facilitating unrestricted, two-way visits and exchanges, and of establishing a pattern for dialogue. Meanwhile, the Ministry of Economic Affairs [MOEA] has also completed a plan concerning the appropriate tactics aimed at coping with the possible impact on Sino-Japanese trade of the ROC's applying for GATT membership. The following is a report filed by Huang Mei-ting:

[Begin Huang Mei-ting recording] The ROC and Japan have made very good progress in promoting official contacts on economic and trade issues following the ROC's vigorous efforts to rejoin the international community. The level of visiting Japanese officials increased from the former departmental-head level to the current ITPB-director level. The two countries recently saw a new breakthrough in the pattern of their exchanges. The BOFT under the MOEA said: In the past, the two sides used to hold annual economic meetings through the Association of East Asian Relations and the Chinese-Japanese Interchange Association; however, because of their semiofficial nature, the meetings were usually more important in form than in substance.

Japan's ITPB recently reached a tacit mutual understanding with the MOEA's BOFT on mutual visits by ITPB and BOFT directors at irregular intervals every year for discussions on removing obstacles to Sino-Japanese trade. Japan's ITPB extended a formal invitation to BOFT Director General Huang Yen-chao to [words indistinct] visit Japan this year. This signaled a breakthrough beyond the former need of ROC officials to stress the private and informal nature of their visits to Japan.

In addition to the issue of the ROC's trade deficit with Japan, the ROC's application for GATT membership will also change the form of trade between the two countries. Departmental Head Chu Wei-cheng of the BOFT said: The ROC has completed an assessment of the ranking of priority items for negotiations with Japan on trade obstacles. Before obtaining GATT membership, the ROC will still focus its negotiations with Japan on readjusting the ROC's economic and trade system; after obtaining GATT membership, we shall then request Japan to scrap its discriminative measures against us in economic relations and trade.

[Chu Wei-cheng] Now we must deal with the matter by dividing it into two aspects. One aspect is our application for GATT membership. Possibly this is purely a request made of us by the other side. However, on the other hand, we hope to establish a channel for consultations to state our requirements to Japan and to negotiate with it in the future.

[Huang] Departmental Head Chu Wei-cheng said: The Sino-Japanese trade deficit may very likely increase due to the cancellation of trade restrictions on the importing of cars and other goods. The BOFT believes that the fundamental solution to the problem lies in beefing up the basic materials at home [as received]. In addition, enhancing the competitiveness of ROC products in Japan's market by lifting the ban on and increasing the imports of semifinished products from the mainland and by implementing a cross-strait division-of-labor system are another way for the government to reduce its trade deficit with Japan.

This is a report by Huang Mei-ting, Broadcasting Corporation of China correspondent, at the MOEA. [end recording]

### **Army Exhibits Newly Developed Antilanding System**

*OW1102093194 Taipei CHUNG YANG JIH PAO in Chinese 2 Feb 94 p 2*

[Text] To beef up the anti-landing warfare capability of the Republic of China's [ROC] Army, the Chungshan Science Institute under the Ministry of National Defense held an exhibition at the Lungtan Light Aircraft Army Base on 31 January to showcase a multibarrel rocket system which would be part of the army's artillery, an aerial mine-laying system, and research into armor-piercing technology. It has been learned that army authorities are currently evaluating the various aspects of the system.

An official from the Chungshan Science Institute said the newly developed multi-barrel rocket system for army artillery resembles the current Kung-4 Rocket. It has been designed with reference to the MLR system [MLRS] of the United States Army, but built to meet the needs of the ROC. It has the capability to inflict heavy casualties on an invading fleet and on any enemy personnel who try to launch an offensive as they approach shore.

The 12-barrel rocket launcher can be hooked up with radar, computers, and a firing control vehicle to automatically determine various firing positions and directions within a range of 45 kilometers. It has a firing angle which covers from zero to 60 degrees and a direction range of plus or minus 120 degrees, specifications which are superior to the MLRS range of 110 degrees which is used by the U.S. military. When fitted with MK30 or MK40 rocket missile warheads, the unit is capable of powerful penetration and inflicting heavy casualties.

A researcher from the institute said the aerial mine-laying system had the advantage of being equipped with an automatic control, and can carry out mine-laying operations with great speed over a large area. According to on-the-spot testing results, each sortie could cover an area up to 3,000 square feet; and the anti-tank mine, which explodes within 30 seconds of falling to the ground, can cause casualties to enemy tank personnel



within three meters of the mine, and pierce through the six-inch base and caterpillar tracks of an armored car. The system could, therefore, be effectively used to delay an enemy's landing and advance, thereby serving as an anti-landing operations weapon.

#### **Army Seeks To Buy U.S.-Made M60-A3 Tanks**

*OW1002140794 Taipei CHUNG YANG JIH PAO in Chinese 2 Feb 94 p 2*

[Text] In view of the intention by some legislators of the Legislative Yuan to stall the Army headquarters' listed budget for purchasing M60-A3 tanks eliminated by the U.S. Armed Forces, Army Commander-in-Chief Li Chen-lin said on 31 January that in order to fill the gaps in the Armored Force's combat capability, the Army is still actively seeking funds to buy M60-A3 tanks in a hope to immediately acquire and place them in war preparedness condition.

The Army commander-in-chief made the above remark in an interview with media during his inspection of the training and maintenance of AH-1W attack helicopters and OH-58D combat search helicopters at the Lungtan Base, which were purchased by the Army last year.

According to him, the M60-A3 tanks eliminated by the U.S. forces in South Korea are equipped not only with the shooting capabilities for night combat and march but also communications equipment and parts and components; and the U.S. asking price of NT\$15 million per tank is rather economical.

He added: M60-A3 tanks are compatible with Yonghu M-48H tanks, the main force of tanks currently used by our country, in their systems; and there will be no problem of maintenance. Moreover, after being transported to our country, the tanks can be immediately placed in war preparedness condition and will be very helpful for filling the gaps in the Armored Force's combat capability.

As for some legislators' "misgivings" about purchasing "used" tanks, the commander-in-chief said the Army would continue to explain to and communicate with the Legislative Yuan in a hope to gain its support for the budget.

Major Chia, director of the Army's Logistics Department, also revealed that upon learning the U.S. forces' plan to streamline troops and equipment of U.S. forces in South Korea last August, the Armored Force dispatched experts to South Korea to conduct an on-the-spot examination of the M60-A3 tanks to be eliminated. According to the major, after assessment by the experts, the Army has decided to purchase 160 such tanks to upgrade the M48-A3 tanks currently used by one of the two motorized divisions while letting the other division continue to use the old-type M48-A3 tanks. It is understood that after learning about the plan to streamline U.S. forces in South Korea, Egypt, which already possesses 750 M60-A3 tanks, has also expressed its eagerness to purchase the tanks from the U.S. forces. The Army plans to take this rare opportunity to first purchase 160 such tanks and, after reviewing the actual situation, assess the possibility of buying more for upgrading the other motorized division.

## Hong Kong

### Britain Told Hong Kong Political System Will Be Dismantled

HK1302062094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Feb 94 pp 1-2

[From David Healy in London]

[Text] China has launched a fresh attack on Britain with a tough new warning designed to dispel any doubts it will dismantle all Hong Kong's political structures in 1997. The message came in a last-minute letter from China's London ambassador, Ma Yuzhen, to the House of Commons Foreign Affairs Committee (FAC), just as they finished taking evidence last week in their high-profile inquiry into Sino-British relations. Senior committee members said the letter was "political dynamite" and "a bombshell".

Mr. Ma accuses Governor Chris Patten and other senior British officials of being "irresponsible and grossly misleading to the British public and the people in Hong Kong" for saying Beijing may not carry out its threats "for fear of international pressure." He also claimed China made major concessions during the 17 rounds of political reform talks in Beijing and agreement was "almost in sight" when Britain unilaterally terminated the negotiations.

Mr. Ma's letter is seen as a last-ditch attempt to influence the committee's impending report, following revelations that the all-party group intends to back Mr. Patten and his proposals to widen the territory's democratic base. The ambassador has been waging a behind-the-scenes campaign to undermine support for Mr. Patten in London.

News of the letter came as China's Vice-President, Rong Yiren, was yesterday reported to have reiterated that Beijing will stand by its agreements with Britain over Hong Kong's future. XINHUA (the NEW CHINA NEWS AGENCY) quoted Mr. Rong as saying whatever happens, China will adhere to the principles of "one country, two systems" and "letting the people in Hong Kong administer Hong Kong".

Mr. Ma says in his letter to FAC chairman David Howell he "felt a need" for a fuller explanation on Chinese efforts to resolve differences over Hong Kong, adding he welcomed further opportunities to discuss them and other questions of common interest. He also demolished suggestions by the Governor and others that Beijing will not necessarily dismantle the Legislative Council, Urban and Regional Councils and District Boards in 1997.

"May I say that they [British officials] are grossly mistaken if they really think so," Mr. Ma says. "In the absence of an agreement between China and Britain, China will definitely disband and re-establish Hong Kong's three tier councils on July 1, 1997.

"Politically, China will resume the exercise of sovereignty over Hong Kong and Britain's executive power will terminate on June 30, 1997, together with the end of British-Hong Kong authorities' institutions.

"As a matter of course, China will re-establish Hong Kong's three tier councils in accordance with the provisions of the Basic Law. To say otherwise and dismiss China's justified action as something impossible is irresponsible and misleading to the British public and the people in Hong Kong."

Mr. Ma also accuses Mr. Patten of violating the Joint Declaration with his call for "fair, open and acceptable" elections.

"Another oft-repeated view consists in working for an 'arrangement for a fair and credible election in Hong Kong,'" the letter says.

"According to the proponents of this theory, this is what the Sino-British Joint Declaration is all about. This is a travesty of the spirit of this important document. The central theme of the Sino-British Joint Declaration is the resumption of and the exercise of China's sovereignty over Hong Kong and the handover of Hong Kong by Britain to China on July 1, 1997, as well as the implementation of the concept of one country, two systems.

"It is totally different from the transfer of political power from one political party to the other in Britain. The implementation of the concept of one country, two systems, including the holding of elections, will take place according to the basic law under China's sovereignty. This can in no way be confused with what Britain is doing in haste without prior agreement with China."

Mr. Ma concludes by claiming China made major compromises in an effort to reach agreement during last year's political reform talks in Beijing. "Contrary to the assertion that China only made one concession during 17 rounds of talks, China actually made great efforts on three questions," he says.

"Firstly, the Chinese side agreed to lower the voting age; secondly, it accepted the British proposal for using the single set, single vote method in the elections of the district boards and the two municipal councils; thirdly, although the Chinese side held different views on the abolition of appointed seats in the local organisations, it went on to propose a solution to accommodate the British position, i.e., Britain may go ahead with abolishing the appointed seats in the 1994-95 elections while after 1997 necessary adjustments may be made by the government of Hong Kong Special Administrative Region in the light of relevant provisions of the Basic Law."

Mr. Ma attempts to lay the blame for the breakdown of the talks firmly on the British. "We were completely puzzled why the British side, while talking about time constraints, blocked the reaching of an agreement which was almost in sight, and let that opportunity slip by," he

says. "That things should come to such a pass is not the making of the Chinese side."

#### **Official Says District Affairs Advisers To Be Announced**

*HK1002152094 Hong Kong WEN WEI PO in Chinese  
8 Feb 94 p A11*

[Report: "Zhang Junsheng Says Names of the First Group of District Affairs Advisers To Be Announced Soon"]

[Text] Zhang Junsheng, deputy director of the XINHUA News Agency Hong Kong Branch, pointed out yesterday at an annual dinner hosted by the Bo-Yuen (Taos) Machinery Maker Company Limited that the problem of the new airport remains unsolved to this day because the financial arrangements of the Hong Kong Government exceed the provisions of the Airport Memorandum of Understanding [MOU]. He also revealed that the name list of the first group of district advisers will soon be announced.

Zhang Junsheng gave his New Year's greetings to Hong Kong citizens through the news media, wishing them luck in the new year and Hong Kong better economic growth than last year through its own efforts, as well as continued prosperity and stability.

At the dinner party, Zhang Junsheng said in reply to a reporter's question: We have just received the Hong Kong Government's fourth financial package. We will formally announce our view on it after detailed study. Zhang pointed out that the airport problem should have been tackled strictly according to the MOU, and that the concerned party should have fulfilled what it was supposed to fulfill. However, because the airport financial package of the British Hong Kong Government exceeds the provisions of the MOU, to this day there has been no agreement on it between China and Britain.

On Sino-British relations, Zhang pointed out that it is not up to China to decide the state of Sino-British relations. We hoped for very good cooperation on the problem of Hong Kong, but the state of cooperation has been damaged, the cause of which does not lie with us, but with Britain.

Asked about the safety of the Daya Bay nuclear power station, Zhang said: Even during the construction, the power plant strictly observed the relevant provisions of the International Atomic Energy Agency. All safety standards and contingency plans are in strict accordance with international standards.

#### **New PWC Membership List To Be Announced in March**

*HK1302045194 Hong Kong KUAI PAO in Chinese 12  
Feb 94 p 2*

[Text] Zhou Nan, director of XINHUA Hong Kong Branch said yesterday that the Chinese side will

announce in March the namelist of additional members of the Preliminary Working Committee (PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region. However, he refused to disclose any details saying it is still too early to do so.

At an interview by cable television on a train from Conghua to Hong Kong yesterday, Zhou Nan disclosed that the Chinese side will further increase the membership of the PWC. Zhou Nan refused to disclose the names and number of the candidates and said that it is still a little too early to do so and that the public will know about them in March.

In addition, Zhou Nan also mentioned that there is only one solution to the new airport issue, and that is the Hong Kong Government should meet the requirements stated in the airport memorandum of understanding, should leave behind 25 billion to the Government of the Special Administrative Region in 1997, and should not cause the Government of the Special Administrative Region to have a debt exceeding 5 billion.

Zhou Nan also mentioned the public speeches made by CPC senior statesman Deng Xiaoping and State Council Premier Li Peng during the Spring Festival and said that they show China has resolutely followed the line of deepening opening up and reform.

#### **PRC Reportedly Ready To Reopen Airport Talks**

*HK1202061594 Hong Kong EASTERN EXPRESS in  
English 12-13 Feb 94 p 3*

[By Lulu Yu]

[Text] Guo Fengmin, the Joint Liaison Group's [JLG] Chinese team leader, last night gave the first official indication that China wanted to re-open talks on the financing of the new airport. Guo said China had studied Britain's latest funding proposals and would seek a meeting with the British side after the lunar new year. "A meeting of the [JLG's] Airport Committee is inevitable," he said.

"After the new year, I suppose the experts on the two sides can meet and exchange views to pave the way and set the conditions for a meeting of the Airport Committee." He said China would contact British representatives to arrange the date and details of the meeting.

This was the first time Beijing had officially responded to Britain's fourth and latest package, which proposes pumping more than \$60bn into the Provisional Airport Authority and Mass Transit Railway Corporation to finance the airport and railway projects. Britain's earlier proposal which was rejected by China involved injecting only \$45bn. Beijing has yet to make a formal counter-proposal to meet its aim of lowering debts and increasing government equity.

Guo would not give Beijing's view of the British proposal, but said an in-depth study was continuing.



Meanwhile, Zhou Nan, the Hong Kong chief of the NEW CHINA NEWS AGENCY (XINHUA), last night reiterated the importance of sticking to the Memorandum of Understanding on the new airport.

#### Government Welcomes PRC Offer

HK1302062294 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Feb 94 p 2

[By political editor Danny Gittings and Polly Choy]

[Text] Talks on funding for Hong Kong's new airport could begin as early as this week after the Government yesterday welcomed China's offer to reopen discussions on the issue. A Government spokesman said Hong Kong would accept Chinese Joint Liaison Group (JLG) team leader Guo Fengmin's offer of expert discussions to pave the way for a full meeting of the JLG's airport committee.

Britain has been pushing for such talks—to resolve differences over land issues—for several months. It also wants the airport committee to meet to discuss a new funding package for the project. Deputy British JLG team leader Alan Paul is expected to discuss the offer with his Chinese counterpart Hu Houcheng later this week.

Mr. Guo said on Friday an airport committee session was now "inevitable" and that experts from both sides should "meet and exchange views to pave the way" for it. His comments constituted China's first official confirmation it wants to discuss the Government's recent fourth financial package for the Chek Lap Kok project and rail link, which proposes pumping more than \$60 billion of public funding into the two schemes.

"We agree with Mr. Guo's statement that a meeting of the airport committee should take place and we hope that this can be arranged as soon as possible to resolve outstanding issues on airport and airport railway funding," a Government spokesman said yesterday. "In the meantime we are, of course, willing to hold expert talks to help pave the way for what we hope will be an early agreement."

Legislator and Airport Consultative Committee (ACC) members welcomed the news and hoped both sides could reach a comprehensive agreement on financial issues. "This is a good news," said ACC member Ho King-on. "The expert meeting may be able to narrow the differences between two sides."

United Democrats legislator Chan Wai-yip also welcomed the possible resumption of talks, even though he expressed concern that the latest financial package might tax the Hong Kong Government's reserves. He said the Government needed to revise its estimates for revenue from 62 hectares of airport land sales, saying these should have been higher. He added that the amount should be enough to pay government equity and thereby eliminate the need to draw money from the reserve. But

the legislator argued these issues would not seriously inhibit the talks, referring to them as "technical problems" only.

Another ACC member, Anthony Cheung Bing-leung, urged both sides to treasure the new co-operative atmosphere. "If the British and Chinese really want to negotiate, they should make the best use of this opportunity before another major political dispute rises again in March—when the Governor tables the second part of his political package in the Legislative Council," he said.

#### Lu Ping Extends New Year Greetings in RENMIN RIBAO

HK1002121494 Beijing ZHONGGUO XINWEN SHE in Chinese 1305 GMT 9 Feb 94

[Text] Beijing, 9 Feb (ZHONGGUO XINWEN SHE)—Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, wishes Hong Kong and Macao compatriots a happy new year on behalf of his office in a signed article carried here by today's RENMIN RIBAO OVERSEAS EDITION.

Lu Ping says: The Chinese observe a very good tradition: They always greet and give each other best wishes during the spring festival. On the eve of this festive occasion, on behalf of the State Council Hong Kong and Macao Affairs, I would like to say Happy New Year to all Hong Kong and Macao compatriots, and may the new year bring joy and good fortune to you and your families, and may everything come your way.

Lu Ping says: In the past year, to ensure a smooth transition in 1997 for Hong Kong and to ensure its economic prosperity, the Chinese Government showed deep sincerity in important issues such as the Sino-British talks on the 1994-95 electoral arrangements and the financial arrangements for Hong Kong's new airport, making enormous efforts to solve the problems. Our objective was to maintain Hong Kong's prosperity and stability through cooperation with Britain. Regrettably, Britain disregarded the Chinese Government's sincerity, the wishes of the Hong Kong compatriots, and Hong Kong's need for a stable transition, by flagrantly and unilaterally halting the negotiations, adopting a confrontational attitude toward China, and creating obstacles to a smooth transition for Hong Kong, thereby indicating the colonialists' reluctance to retreat from the historical arena in peace.

Lu Ping says: To abide by the Sino-British Joint Declaration, safeguard the long-term interests of Hong Kong society, and ensure that the Basic Law of the Hong Kong Special Administrative Region [SAR] will be implemented after 1 July 1997, the Chinese Government in 1993 increased the pace of preparations for restoring China's sovereignty over Hong Kong, set up a Preliminary Working Committee of the Preparatory Committee for the Hong Kong SAR under the National People's Congress, marshaled all forces from different quarters in Hong Kong, and mobilized every positive factor, in a

joint effort to safeguard a smooth transition for Hong Kong. On the economic front, meanwhile, deepening reforms on the mainland enabled Hong Kong to escape the impact of economic recession in the West and to continue its strong momentum of growth. There was considerable growth in Hong Kong's economy, finance, trade, and shipping in 1993. The Hong Kong and mainland economies promoted and supplemented each other. The development of the mainland's economy will be increasingly critical for Hong Kong's prosperity. Hong Kong compatriots can be assured that whatever happens, we will stand together through thick and thin, and will be united in mind and heart with Hong Kong in upholding the policy of "one country, two systems," implementing the Basic Law, and achieving a smooth transition in Hong Kong.

Lu Ping said that the deliberation, adoption, and promulgation in 1993 of the Basic Law of the Macao Special Administrative Region by the National People's Congress provides a fundamental guarantee for Macao's smooth transition and political handover, and for long-term stability and development after 1999. To implement the Sino-Portuguese Joint Declaration and ensure Macao's smooth transition, China and Portugal will continue friendly cooperation. In 1993, through the joint efforts of people from various quarters, Macao enjoyed social stability, as well as sustained and steady economic development. Its large-scale projects, such as the international airport, progressed well. Of course, work on Macao's transition still requires further cooperation between China and Portugal. The pace of work must be increased. Macao's economy also needs to adopt appropriate measures to solve the problem of industrial transformation and to promote growth. We believe that as long as China and Portugal continue to strengthen friendly cooperation on the basis of the Sino-Portuguese Joint Declaration, and as long as people of all quarters are further united in mind and action, there certainly will be a better tomorrow for Macao!

#### **Legislator Proposes Human Rights Court, Commission**

*HK1302062194 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 13 Feb 94 pp 1-2*

[By Quinton Chan and Danny Gittings]

[Text] Hong Kong will have its first human rights "court" and commission if a radical new bill proposed by independent legislator Anna Wu Hung-yuk becomes law. The new bodies would have sweeping powers to enable them to investigate rights abuses and penalise the perpetrators, according to a draft copy of the bill obtained by the Sunday Morning Post.

The Human Rights and Equal Opportunities Bill, to be forwarded to the Government tomorrow, also proposes major changes to the territory's legal system and includes a proposal for a tribunal to deal with human rights disputes. Under the private member's bill, a human

rights and equal opportunities commission would be set up to examine whether existing laws were in line with the Bill of Rights. It would also investigate complaints, advise the Government on Bill of Rights issues and international human rights conventions, as well as educate the public.

An equal opportunities tribunal would also be established to deal with complaints from those who believed their rights were being violated. "This is a human rights court," said Ms. Wu, who estimated the new bodies would cost more than \$40 million a year to run.

Under Legislative Council standing orders, the new bill can only be tabled with the approval of the Governor, Chris Patten, since it involves public expenditure. But Mr. Patten has already hinted he would not necessarily block the bill. "I'm pretty open-minded about it, but I think there are overlapping powers," he told the Sunday Morning Post. "We haven't yet been persuaded of the case, but it's not for me a locked door or a shut window."

Principal Home Affairs assistant Duncan Pescod, who meets Ms. Wu tomorrow to discuss the bill, said the Government wanted to study the draft in detail before commenting further.

If the Governor backs the bill, it is expected to be introduced to Legco in May after a two-month consultation period. Councillors have already indicated their support for the establishment of a rights commission through a motion last year. But Beijing is likely to warn against the move, which many commentators believe is primarily aimed at protecting human rights in Hong Kong after 1997.

Pressure over the issue is expected to mount following the return from London today of independent legislator Christine Loh Kung-wai, who last week urged the House of Commons' foreign affairs committee to recommend the creation of a human rights commission. Committee members have already indicated they are likely to do so in their report this Easter. The Governor said he would take such a recommendation "very seriously".

Under Ms. Wu's draft bill, the rights tribunal would be based on a body that exists in Australia. It would consist of a president, who must be a judge of at least seven years' standing, and two other members.

The new court would have almost unlimited powers. It could order human rights violators not to repeat unlawful conduct, to pay compensation, employ, reinstate or promote victims, or "to perform any reasonable act or course of conduct to redress the loss and damages suffered by the complainant". The tribunal could also impose an interim order to preserve the status quo and protect the rights of both parties to the complaint. Those who failed to comply with an order of the tribunal would be liable to a fine of up to \$10,000 for an individual or \$50,000 for a corporate body.

Ms. Wu's proposed human rights commission would have fewer powers than the tribunal, but a wide-ranging remit to investigate potential human rights abuses.

It would comprise a president, human rights commissioner, sexual discrimination commissioner, racial discrimination commissioner and disability discrimination commissioner. All would be appointed by the Governor from the ranks of local judges, barristers and solicitors.

It would even have a remit to examine any proposed law for possible human rights violations, upon request by the attorney-general, Legislative Council president, or any group of 500 Hong Kong people. The committee's terms of reference would allow it to "inquire into any act or practice that may be inconsistent with, or contrary to, any human right". Any person who believed their rights had been violated could lodge a complaint with the commission, either as an individual, or on behalf of a group of victims. Complaints would be referred to the tribunal if they could not be solved by conciliation. Complaints lodged from detainees and prisoners could be directly referred to the commission, overruling prison rules.

The commission would also have the power to subpoena evidence and examine witnesses with those who failed to comply liable to a maximum penalty of \$50,000.

Ms. Wu said the proposed new bodies would greatly improve existing human rights conditions in Hong Kong. "The existing court system has its own restrictions," she said. "It is too slow and expensive and too few people can get help from the Legal Aid Department. But it (the tribunal) would be less costly, more efficient, and would also provide legal aid in terms of finance and expertise."

#### **Construction Delays Cause Losses in Container Terminals**

HK1302045094 Hong Kong MING PAO in Chinese 12 Feb 94 p A2

[Text] It was recently found that the original estimate for the construction of the No 10 container terminal planned by the Hong Kong Government to be built on Lantau Island was too short and that there will be a delay of two years. This will cause Hong Kong to lose as much as 2 billion dollars. The Hong Kong Government is seizing the time to study other channels.

It is learned that the cause of the delay is that departments of the Hong Kong Government underestimated the time needed for construction. The estimate of the Hong Kong Government was based on past experience, including that of the No 7 and No 8 container terminals in Kuai Chung and Tsingyi Island, which took about five years for design and construction. Therefore, the construction of the first container terminal on Lantau Island is also based on 5 years and is estimated to be completed and put into operation around the end of 1996 or the beginning of 1997.

However, upon further study of the design of No 10 container terminal, it has been found that the project on Lantau Island is more complicated than those in Kuai Chung and Tsingyi Island. Two more years is needed for the project; that is, at the earliest it can only be completed by the end of 1998.

The Hong Kong Government has estimated that the delay for two years in the construction of the container terminal No 10 will cause Hong Kong to suffer an economic loss as much as 2 billion dollars. If the No 9 container terminal, on which the Chinese side has not yet given its approval, cannot be gradually put into service by the middle of 1996 as originally scheduled, but has to be delayed for two years, the two container terminals will cause Hong Kong to suffer a total economic loss of 4 billion dollars.

Moreover, the loss caused by delay will not be confined to the first two years, but will continue to accumulate. This is because Kaoshiung in Taiwan, Singapore, and Yantian Port, the construction of which will soon be completed in Shenzhen, are close to Hong Kong and they will become powerful competitors. Because of the delay in the construction of the No 9 and No 10 container terminals, the navigation lines of some container ships can only be shifted to container terminals in neighboring areas. It is even more difficult to estimate the long-term economic losses of Hong Kong.

The Hong Kong Government has, based on the speed of growth of the container transport volume of Hong Kong, estimated that by the end of 1996 it will be necessary for the No 10 container terminal to be put into service before all the containers can be handled. This estimation is also based on the operation of No 9 container terminal as scheduled.

The Hong Kong Government is seizing the time to study other ways, and plans under consideration include giving up the past practice of asking financial groups to reclaim land from the sea and build the terminal, and instead doing the work directly by the government itself. Another plan is to use sea sand to reclaim land from the sea.

The tentative view of the Hong Kong Government is that the plan for the government to reclaim land from the sea and to do the construction work may not save time. Therefore, the feasibility of this plan is not great. On the other hand, the second plan may save as much as six months and may enable No 10 container terminal to be completed in the beginning of 1998.

The Hong Kong Government will appoint, as soon as possible, consultant companies to study how fast the method of using sea sand to reclaim land can speed up the construction and to study if there is any other way that may save even more time.



**'Missing' Ship Reportedly Under Guard in Guangdong**

HK1402062894 Hong Kong SOUTH CHINA  
MORNING POST in English 14 Feb 94 p 1

[By Greg Torode]

[Text] A ship missing for nearly three weeks after being boarded by suspected pirates off Taiwan has turned up under armed guard in a Chinese port.

The discovery just 100 kilometres from Hong Kong has prompted fears of a renewed crackdown by Guangdong security forces well outside their jurisdiction. Maritime rescue centres in Hong Kong, Malaysia, Singapore and Japan had not heard of the Alicia Star since it sent secret cables on January 27 saying it had been hijacked by armed pirates on its way from Singapore to South Korea.

The reports, sent from a hidden transmitter unknown to the pirates, said the attackers were dressed in green and had taken control of the ship with automatic weapons.

The Hong Kong Marine Department had been informed of the missing ship and reported it to counterparts in Beijing, but no reply had been received. However, the POST has learned through London shipping sources that communications over the Lunar New Year revealed the 500-tonne ship was under detention in Shanwei, just east of Daya Bay. Its cargo, believed to be more than U.S.\$5

million (HK\$38.69 million) worth of cigarettes, has been seized by Shanwei port authorities, but the fate of its mainly Filipino crew is unknown.

According to the initial attack reports, the Panamanian-registered ship - a regular caller to Hong Kong was boarded near the Bashi Channel between Taiwan and the Philippines. The location is far outside China's 200 nautical mile economic zone but close to where a Hong Kong ship was attacked by a Guangdong customs patrol boat last April at the height of the last crackdown.

"This is the first such case for months, so everyone is very nervous that we are facing a new wave of attacks on local shipping...it's not helped by the fact we are powerless to anything over this one [as published]," a Marine Department source said.

Last year's apparent antismuggling crackdown saw at least 33 ships attacked, many around Hong Kong waters, in raids by Guangdong authorities and suspected pirates. Both official and unofficial attacks stopped about the same time after international diplomatic and shipping industry pressure on China.

A Marine Department paper detailing Chinese official involvement in the attacks was circulated among the International Maritime Organisation's safety committee but watered-down on Foreign Office advice before being officially presented.

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